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SENATE

REPORT
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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATION BILL, 1989

JUNE 24 (legislative day, JUNE 23), 1988.—Ordered to be printed

Mr. PROXMIRE, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H.R. 4800]

The Committee on Appropriations to which was referred the bill (H.R. 4800) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1989, and for other purposes, reports the same to the Senate with various amendments and presents herewith an explanation of the contents of the bill.

AMOUNT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY

	Fiscal year 1989
Amount of bill as recommended in House	$59,709,920,000
Amount of change by Committee	−633,447,000
Amount of bill as reported to Senate	59,076,473,000
Amount of appropriations to date, 1988	56,702,844,000
Amount of budget estimates, 1989	58,666,772,000
Over estimates for 1989	+409,701,000
Over appropriations for 1988	+2,373,579,000

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SUMMARY OF THE BILL

The Committee recommends new budget authority of $59,076,473,000 for the Department of Housing and Urban Development, the Veterans Administration, the National Aeronautics and Space Administration, the Environmental Protection Agency, the National Science Foundation, and other agencies, commissions, boards, corporations, and offices. This amount is $409,701,000 above the budget request, $633,447,000 below the House allowance, and $2,373,579,000 more than the appropriation for fiscal year 1988.

The following table summarizes the amounts recommended in the bill in comparison with appropriations for fiscal year 1988 and budget estimates for fiscal year 1989.

SUMMARY OF ESTIMATES AND NEW BUDGET (OBLIGATIONAL) AUTHORITY IN BILL

[In thousands of dollars]

Department or agency	Appropriations, 1988	Budget estimates 1989	House bill	Committee recommendation	Senate bill compared with—		
					Appropriations, 1988	Budget estimates, 1989	House bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
American Battle Monuments Commission	$12,408	$15,085	$15,085	$15,085	+$2,677		
Cemeterial expenses, Army	8,164	13,195	13,195	13,195	+5,031		
Consumer Information Center	1,279	1,354	1,354	1,354	+75		
Consumer Product Safety Commission	32,696	32,917	34,500	34,667	+1,971	+$1,750	+167
Council on Environmental Quality	826	870	870	850	+24	−20	−20
Department of Housing and Urban Development	13,289,657	11,612,185	12,930,332	12,873,130	−416,527	+1,260,945	−57,202
Environmental Protection Agency	5,027,442	4,779,000	5,163,882	5,390,750	+363,308	+611,750	+226,868
Federal Emergency Management Agency	632,337	698,396	733,932	658,712	+26,375	−39,684	−75,220
Federal Home Loan Bank Board [1]	(31,923)	(33,609	(33,609)	(33,609)	(+1,686)		
National Aeronautics and Space Administration	8,856,461	11,488,000	10,706,000	10,120,100	+1,263,639	−1,367,900	585,900
National Credit Union Administration [2]	(600,000)	(600,000)	(600,000)	(600,000)			
National Science Foundation	1,717,000	2,050,000	1,885,000	1,880,000	+163,000	−170,000	−5,000
Neighborhood Reinvestment Corporation	18,720	19,094	19,094	19,494	+774	+400	+400
Office of Consumer Affairs	1,670	1,708	1,708	1,708	+38		
Office of Science and Technology Policy	1,888	1,787	1,587	1,587	−301	−200	
Selective Service System	25,459	26,113	26,313	26,113	+654		−200
Veterans Administration	27,024,784	27,927,068	28,177,068	28,039,728	+1,014,944	+112,660	−137,340
Total	57,359,891	58,666,772	59,709,920	59,076,473	+2,425,682	+409,701	−633,447

[1] Limitation on administrative expenses, corporate funds.
[2] Limitation on direct loans.

HIGHLIGHTS

The Committee has recommended a number of changes in the House bill. The most significant are:

One, a reduction of $702,000,000 below the House-approved amount for the space station. The $200,000,000 recommended for the station is sufficient to continue current funding levels for the first 4 months of fiscal year 1989 or to phase out the present program and plan for a scaled down effort.

Two, a reduction of $269,516,000 in funding for assisted housing programs. This reduction has been offset in part by a transfer of $125,000,000 into the "Assisted housing" account from the Flexible Subsidy Program.

Three, a reduction of $122,375,000 for veterans medical care. The total provided is $117,625,000 above the administration's budget request and will allow the Veterans Administration to keep staffing levels constant but will not fund additional positions or any pay increases that may be implemented in January 1989.

Four, an increase of $150,000,000 in the Waste Treatment Construction Grants Program. The total recommended is $203,000,000 below the current level of funding.

Five, an increase of $100,000,000 in the Hazardous Substance Superfund Program. The total recommended is $75,000,000 below the administration's budget request.

The Committee has recommended bill language for the Department of Housing and Urban Development, the Environmental Protection Agency, and the Veterans Administration requiring the Secretary or Administrator to expend funds provided in fiscal year 1988 for certain specified projects. It is unclear whether or not these funds will be spent in fiscal year 1988 in the absence of such language. Although the Office of Management and Budget has expressed reservations about these projects, the Committee believes that departments and agencies should respect congressional directives contained in report language and expresses the hope that it will not be necessary to resort to bill language in the future.

REPROGRAMMING AND INITIATION OF NEW PROGRAMS

The Committee continues to have a particular interest in being informed of reprogrammings which, although they may not change either the total amount available in an account or any of the purposes for which the appropriation is legally available, represent a significant departure from budget plans presented to the Committee in an agency's budget justifications.

Consequently, the Committee directs that the Department of Housing and Urban Development and the agencies funded through this bill notify the chairman of the Committee prior to reprogramming of funds in excess of $250,000 between programs, activities, or elements. The Committee desires to be notified of reprogramming actions which involve

less than the above-mentioned amounts if such actions would have the effect of changing an agency's funding requirements in future years or if programs or projects specifically cited in the Committee's reports are affected. Finally, the Committee wishes to be notified regarding reorganizations of offices, programs, or activities prior to the planned implementation of such reorganizations.

TITLE I—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

	Budget authority
1988 appropriation	$7,887,405,000
1989 budget estimate	6,886,765,000
House allowance	7,673,765,000
Committee recommendation	7,404,249,000
(By transfer)	(125,000,000)

PROGRAM DESCRIPTION

Currently, the Department's assisted housing efforts principally consist of a low-income public housing program and the section 8 lower income rental housing assistance program. Under the Public Housing Program, local public housing agencies develop, own, and operate low-income public housing projects, with HUD entering into a commitment to pay construction and modernization costs to help assure low rents and adequate services. Financial assistance is also provided to Indian housing authorities to plan, build, own, and operate low-income public housing projects. Under the section 8 rent subsidy certificate program, the Department pays the difference between what an eligible lower-income household can afford (30 percent of income for most programs), and the fair market rent for an adequate housing unit. This rental assistance may be used for existing housing, for new construction of units for elderly and handicapped individuals and for rehabilitated units. Under the section 8 housing voucher programs the Department provides a fixed amount for eligible lower-income households regardless of the rent actually paid.

COMMITTEE RECOMMENDATION

The Committee recommends $7,404,249,000 in new budget authority for the Department's assisted housing program. This is $517,484,000 more than the budget request and $269,516,000 below the House allowance. In addition to this appropriation, the Committee recommends a transfer of $125,000,000 from the flexible subsidy program.

The funding proposed by the Committee would permit 77,671 additional housing units to be subsidized, a reduction of 5,767 units below the House-approved level. The Committee has once again shifted the focus of the House approach by providing more support for the modernization of existing public housing and almost doubling the number of

existing units that can be supported through the use of section 8 certificates.

More specifically, the Committee agrees with the House Committee recommendation that funding be provided for the subsidization of new section 202 elderly/handicapped units under the section 8 program and has augmented the House level with an additional 1,181 units for a total of 10,681 units at a cost of $1,489,820,000 with 1,060 units reserved for the deinstitutionalized mentally ill. This represents an increase of 3,681 units above the budget request. Furthermore, the Committee recommends concurrence with the provision of 1,000 new Indian housing units under the Public Housing Program, providing $71,851,000 for this purpose. However, the Committee has proposed the deletion of 5,000 moderate rehabilitation units costing $549,675,000.

In accordance with its emphasis on public housing modernization, the Committee recommends that $2,100,000,000 be provided for the modernization program and that $420,000,000 of this total be used for the major reconstruction of obsolete public housing projects—projects with design or marketability problems resulting in vacancies of 15 percent or more of the units available for occupancy, the reconstruction of which will cost more than 60 percent of the total published cost guidelines for new construction of similar units. This compares to a House total of $1,990,296,000 with $343,347,000 provided for new construction or major reconstruction.

The Committee recommends an increase in the number of section 8 existing certificate units from 12,938 as provided for in the House-passed bill to 21,990. Once again this year the Committee recommends reducing the contract term for these units from the 15-year period currently in effect to 5 years. This permits the funding of three times as many units with a given amount of money since each unit absorbs one-third as much money under a 5-year contract as it would under a 15-year contract. The Committee notes that the House has also adopted this 5-year approach.

The Committee recommends the funding of 44,000 incremental voucher units, a reduction of 6,000 units below the House-approved total. The Committee continues to be concerned over indications that voucher units cost substantially more than certificate units. The cost differential is exacerbated by the Department's failure to adjust fair market rents to reflect changing economic conditions. For example, the Committee has received strong evidence that fair market rents in depressed housing markets such as Houston, TX, have remained high, giving voucher holders an economic windfall since their housing subsidy is based on the fair market rent. On the other hand, voucher holders in the New York City area may have to pay 50 percent or more of their income for rent because the voucher payments they receive are based on an unrealistically low fair market rent. The Committee urges the Department to explore an approach to the setting of fair market rents that is more responsive to local housing market shifts as a means of reducing inequities arising between voucher holders and certificate holders in various parts of the country.

The Committee recommends that 5-year certificates rather than 15-year certificates, as authorized by law and provided by the House, be used to assist tenants of public housing projects which are sold or demolished. The Committee notes that the use of these shorter term certificates will permit the Department to assist many more displaced public housing families than could be assisted under the 15-year certificate approach.

The Committee provides $45,000,000 under the section 8 moderate rehabilitation program for single room occupancy units for the homeless. This is an increase of $10,000,000 above the House allowance. There is a corresponding reduction of $10,000,000 under the House recommendation for the Transitional and Supportive Housing Demonstration Program. Both programs are authorized in the Stewart B. McKinney Homeless Assistance Act. However, the Moderate Rehabilitation Single Room Occupancy Program is the only program included in that act which provides permanent housing for the homeless. Furthermore, this program serves single individuals, the largest segment of the homeless population, and addresses the large reduction in available low-cost housing of this type in the private market. The Committee notes that this program was initially funded with $35,000,000 provided in the fiscal year 1987 Supplemental Appropriations Act.

The Committee recommends the deletion of $35,000,000 included in the House bill for the Nehemiah program. Although the Committee is sympathetic with the program's goals, the Committee believes that the pending change in administrations, as well as the constrained budget climate, make this an unpropitious time to initiate a new initiative with significant administrative complexities.

Once again this year the Committee recommends the inclusion of language in the bill waiving the fair share provisions of the Community Development Act of 1974, continuing current policy. The fair share provisions would require the Department to allocate housing assistance among different areas and communities on the basis of a complex formula and were enacted at a time when the Federal Government was allocating three to four times as much housing assistance funding as the current bill makes available for distribution. Without a continuation of the waiver, the application of the formula would result in the distribution of such small numbers of housing units to localities under some programs as to make the use of such allocated units impractical if not impossible. However, the Committee wishes to make it clear that this waiver is not to be used as a pretext for a major change in the way housing units are currently distributed and expects existing distribution practices to be followed in fiscal year 1989. The House-passed bill does not include such a waiver.

The Committee recommends continuation of existing law which permits recaptured public housing construction and modernization funds for Indian families to be reapplied for this purpose. The House-passed bill would rescind such funds.

The Committee recommends inclusion of language to extend the statutory date by which a housing development grant project funded in fiscal year 1986 must be under construction. Under current statute, projects funded in 1986 must be under construction no later than 24 months after notice of funding. However, many projects have experienced delays from HUD in receiving grant agreements and other HoDAG contract documents, which makes meeting this deadline virtually impossible. Therefore, the Committee recommends extending the date by which the projects must be under construction an additional 12 months.

The statutory deadline dates for the 1984 and 1985 rounds have already been extended. Therefore, this action is consistent with other recent extensions mandated by Congress.

The following table sets forth the details of the Committee's recommendations:

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING GROSS RESERVATIONS—FISCAL YEAR 1989

	Units	Cost	Term	Budget authority
Carryover	NA	NA	NA	NA
Recaptures	NA	NA	NA	$303,500,000
Rescission of recaptures	NA	NA	NA	(303,500,000)
Transfer from flexible subsidy	NA	NA	NA	125,000,000
New authority	NA	NA	NA	7,404,249,500
Total, available	NA			7,529,249,500
Public housing:				
Indian housing	1,000	$71,851	NA	71,850,788
Amendments	NA	NA	NA	36,737,000
Lease adjustments	NA	NA	NA	22,400,000
Modernization	NA	NA	NA	2,100,000,000
Subtotal, public housing	1,000			2,230,987,788
Section 8:				
Section 202:				
Regular	8,011	6,804	20	1,090,153,040
Handicapped	2,670	7,484	20	399,666,960
Amendments	NA	NA	20	145,000,000
Subtotal, section 202	10,681			1,634,820,000
Vouchers:				
Incremental	44,000	4,844	5	1,065,680,000
Opt outs/prepayments	1,500	4,844	5	36,330,000
Renewals	NA	4,844	5	38,712,780
Voucher PHA fees (8.2 percent)	NA	585	5	133,087,500
Subtotal, vouchers	45,500			1,273,810,280
Existing certificates:				
Regular units	21,990	6,022	5	662,090,000
Public housing demolition units	1,000	6,022	5	30,110,000
Subtotal, certificates	22,990			692,200,000

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING GROSS RESERVATIONS—
FISCAL YEAR 1989—Continued

	Units	Cost	Term	Budget authority
Section 8—Continued				
Loan management	7,500	3,879	5	$145,462,500
Moderate rehabilitation: homeless [SRO]	NA	NA	NA	45,000,000
Property disposition	3,157	6,493	15	307,430,000
Amendments:				
Existing housing	NA	NA	5	746,798,932
Project reserves	NA	NA	7	383,740,000
Moderate rehab	NA	NA	10	46,500,000
Property disposition	NA	NA	15	22,500,000
Subtotal, amendments	NA	NA		1,199,538,932
Subtotal, section 8	89,828	NA		5,298,261,712
Total, public housing and section 8	90,828	NA		7,529,249,500
Incremental units	77,671			

[1] Includes 1,060 units for the deinstitutionalized mentally ill.

RENTAL REHABILITATION GRANTS

1988 budget rescission	([1])
1989 budget estimate	$150,000,000
House allowance	150,000,000
Committee recommendation	150,000,000

[1] In 1988, $2000,000,000 was provided for this program under the "Assisted housing" account.

PROGRAM DESCRIPTION

The rental rehabilitation grants program is designed to increase the supply of standard rental housing available to lower income families in areas experiencing a shortage of decent rental housing units. The program supports the section 8 voucher program by allowing voucher holders increased rental opportunities.

Rehabilitation subsidies are provided through a one-time, front-end mechanism such as a grant, a deferred payment loan, or a below market rate interest loan. The program makes it feasible to rehabilitate rental properties for low-income families by providing the difference in what the owner can afford to borrow from a private lending institution and what it actually takes to rehabilitate the property. Unlike other programs, no distinction is made with regard to single- and multi-family properties as long as the structures are primary rental and residential in character. Rental subsidies in the form of housing certificates or vouchers are then used to permit low-income tenants to live in the renovated housing.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending the appropriation of the $150,000,000 proposed in the administration's budget. Of this amount, $1,500,000 will be available for technical

assistance—the same as last year. In addition to the $150,000,000 recommended, an estimated $20,000,000 should be available from recaptures for a total 1989 program level of $170,000,000.

RENTAL HOUSING ASSISTANCE PROGRAM

(RESCISSION)

1988 budget rescission	−$52,000,000
1989 budget estimate	−50,000,000
House allowance	−50,000,000
Committee recommendation	−50,000,000

PROGRAM DESCRIPTION

The rental assistance payments [RAP] program, authorized by the Housing and Community Development Act of 1974, is designed to aid very low income families in section 236 projects by permitting HUD to provide additional subsidies equal to the difference between the basic rent and up to 30 percent of income for a certain percentage of units.

The 1987 Housing and Community Development Act revised—from 90 to 100 percent—the Federal support of amendment funding for State-aided projects. The budget proposes, beginning in 1989, to transfer excess rental funds in the rental housing assistance fund to the Treasury instead of the "Flexible subsidy fund (troubled projects)" account.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending the proposed rescission of up to $2,000,000 in annual contract authority as proposed by the administration. This translates into $50,000,000 in budget authority. It is estimated that this amount could be deobligated during 1989 as a result of insurance terminations due to foreclosure or assignment.

HOUSING FOR THE ELDERLY OR HANDICAPPED FUND

(LIMITATION ON LOANS)

1988 limitation	$565,776,000
1989 budget estimate	350,175,000
House allowance	478,422,000
Committee recommendation	537,736,000

PROGRAM DESCRIPTION

The section 202 program provides direct Federal loans to nonprofit organizations who sponsor the construction and management of housing projects to serve elderly or handicapped families and individuals. The housing projects are designed to provide an assured range of necessary services for the occupants, including health, continuing education, welfare, recreation, counseling, referral, transportation to social services,

and means to encourage and assist occupants to use the services and facilities made available. Projects developed under section 202 also carry a section 8 subsidy, which enables the rents of lower-income elderly or handicapped tenants to be reduced to a maximum of 30 percent of their income. Applications under the two programs are processed simultaneously.

The House bill includes section 8 funding for 2,000 units specifically for handicapped families under the new act. The 1987 Housing and Community Development Act authorized a new project based subsidy to be used with projects for the handicapped in place of section 8. The act specifies that section 8 subsidy will continue to be used until funds are appropriated for this new replacement subsidy.

COMMITTEE RECOMMENDATION

The Committee recommends $537,736,000 as the loan limitation for the elderly and handicapped program to permit financing of 10,681 housing units. The amount proposed is $187,561,000 above the budget estimate, $59,314,000 above the House amount, and $28,040,000 below the current appropriation. This amount provides for 10,681 section 202 units with 2,670 earmarked for the handicapped. The House allowance provides for 7,500 regular section 202 housing units and 2,000 handicapped units under a new separate and distinct program for the handicapped as authorized in the 1987 housing legislation.

The Committee has concurred with the House in recommending the continuation of bill language limiting access to section 202 funds to qualified nonprofit sponsors, providing long-term permanent financing at a rate not to exceed 9.25 percent, and requiring that section 202 loan authority be included as a part of the Federal budget.

The Committee also recommends the continuation of bill language which sets aside 25 percent of the total section 202 direct loan limitation for fiscal year 1989 for projects to assist handicapped persons with the mentally ill homeless handicapped receiving priority.

CONGREGATE SERVICES

1988 appropriation	$4,224,000
1989 budget estimate	
House allowance	5,400,000
Committee recommendation	7,000,000

PROGRAM DESCRIPTION

The congregate housing services demonstration was authorized by the Housing and Community Development Amendments of 1978 to provide 3- to 5-year contracts to fund services for eligible residents of public housing and section 202 housing for the elderly or handicapped projects. The Housing and Community Development Act of 1987 removed the program's demonstration status and includes a provision requiring a report on the program by September 30, 1988.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $7,000,000 for the congregate services program. This is $1,600,000 more than the level contained in the House allowance and $2,776,000 more than the enacted fiscal year 1988 level. No funds were requested for the program.

The Committee concurs with the House in providing funding for 60 projects currently under contract. The Committee provides additional funding for new projects.

PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

1988 appropriation	$1,450,000,000
1989 budget estimate	1,517,508,000
House allowance	1,617,508,000
Committee recommendation	1,617,508,000

PROGRAM DESCRIPTION

Operating subsidies are provided to public housing authorities [PHA's] and Indian housing agencies [IHA's] to assist in financing the operation of PHA/IHA-owned dwellings in accordance with section 9 of the United States Housing Act of 1937, as amended. Operating subsidies are required to help maintain operating and maintenance services and provide for minimum operating reserves. The performance funding system [PFS] formula is used to calculate the level of operating subsidy to be provided to each PHA/IHA to operate its owned units.

The calculated subsidy amount under PFS is the difference between the estimate of operating costs minus an estimate of income from rents and other sources.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending an appropriation of $1,617,508,000 for public housing operating subsidies. This is $100,000,000 more than the budget request. The Committee concurs with the House that the increase should satisfy performance funding system [PFS] requirements.

The Committee is concerned about the grandfathering of tenants in public housing, particularly when their incomes rise well above the criteria established for public housing tenants. To assist the Congress in its deliberations on payments for operation of low-income housing projects, the Department is directed to prepare a study on the demographics of public housing tenants. The study should consider: the income of tenants in public housing, the availability of public housing, and the length of time tenants have occupied public housing units. The report should be submitted to the Committee no later than December 31, 1988.

HOUSING COUNSELING ASSISTANCE

1988 appropriation	$3,360,000
1989 budget estimate	
House allowance	4,500,000
Committee recommendation	3,500,000

PROGRAM DESCRIPTION

Under section 106(a) of the Housing and Urban Development Act of 1968, as amended, the Department has been authorized to contract with public and private agencies to provide counseling and advice to tenants and homeowners with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and in meeting the responsibilities of tenancy or homeownership. In 1987, the Department funded 217 counseling agencies providing services to 35,000 clients.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $3,500,000 for housing counseling assistance in fiscal year 1989. This is $1,000,000 less than the level contained in the House allowance. The administration proposed the termination of the program in fiscal year 1989.

FLEXIBLE SUBSIDY FUND

PROGRAM DESCRIPTION

The Secretary provides payments to owners of certain HUD-insured or HUD-held financially troubled multifamily subsidized housing projects in order to prevent potential losses to the FHA fund resulting from project insolvency and to preserve these projects as a viable source of housing for low- and moderate-income tenants. These payments are designed to fund deferred maintenance and replacement reserves, and operating deficits where owners can demonstrate to the Department that projects are well managed or that improvements in management will be made, allowing the projects to become self-sustaining.

Projects eligible for flexible subsidy assistance include those which are subsidized under the section 236, section 221(d)(3) below market interest rate, and rent supplement programs, and have mortgages insured or held by the Department. Non-HUD-insured projects developed by State agencies and receiving assistance under one of the aforementioned programs also are eligible.

The flexible subsidy fund (formerly the troubled projects operating subsidy program) was established by the Housing and Community Development Act of 1987. The act expanded funding eligibility to include projects assisted under section 23 of the U.S. Housing Act of 1937 and certain projects constructed under section 202 of the Housing Act of 1959. The act also authorizes a new capital improvements loan program that is to be used in conjunction with the current flexible subsidy program and which will be financed using the same funding

source—the new flexible subsidy revolving fund. The new program will be available to the same class of projects which are now eligible for flexible subsidies.

The administration's 1989 budget proposes ending the practice of funding the program by means of transferring excess rental receipts from the rental housing assistance fund to the flexible subsidy fund. The budget proposes no additional transfers in 1989. Rather, the Department plans to fund 1989 activity from unobligated balances which are expected to be available at the beginning of 1989. The excess rental receipts would be transferred to the general fund of the Treasury beginning in 1989 and thereafter.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in rejecting the administration's proposal to transfer excess rental receipts from the rental housing assistance fund to the general fund in 1989. As a consequence, an estimated $50,000,000 in collections from the rental housing assistance fund will be available in fiscal year 1989 in addition to the $173,603,000 expected to be carried into 1989 making a total of $223,603,000 within the flexible subsidy fund available for troubled projects operating subsidies. Of the total amount, $125,000,000 is being transferred to assisted housing. The balance of approximately $100,000,000 will be available in 1989 to assist owners of eligible multifamily housing projects. The House recommended the transfer of $150,000,000 from the fund to the Community Development Block Grant Program.

The Committee has included bill language in the form of a technical amendment to clarify that the flexible subsidy fund is now being operated as a revolving fund pursuant to section 185 of the Housing and Community Development Act of 1987 and not as a 2-year appropriation account as it has been in the past.

A principal impact of this technical change is that, pursuant to the concept of a revolving fund as an ongoing activity, all uncommitted balances of funds and collections of excess rental receipts and other income to the fund during fiscal year 1989 will remain available for use in the flexible subsidy fund permanently.

EMERGENCY SHELTER GRANTS

1988 appropriation	$8,000,000
1989 budget estimate	
House allowance	65,000,000
Committee recommendation	35,000,000

PROGRAM DESCRIPTION

The Emergency Shelter Grants Program is authorized by the Homeless Housing Act of 1986 and the Stewart B. McKinney Homeless Assistance Act. The program is designed to assist communities in providing temporary emergency shelter for the homeless. Grants may be used to renovate, rehabilitate, or convert buildings to be used as shel-

ters. They may also be used to operate emergency shelters and provide essential social services. Grantees are required to provide matching contributions to participate in the program.

COMMITTEE RECOMMENDATION

The Committee recommends $35,000,000 for emergency shelter grants in fiscal year 1989. This is $30,000,000 less than the House allowance but an increase of $27,000,000 over the 1988 appropriation. The administration requested termination of this program. The Committee believes this is an important resource for the provision of desperately needed housing for the homeless.

The Committee is aware of a proposal to alter the McKinney Act reauthorization bill to permit funds provided under the Emergency Shelter Grants Program to be used for rental and mortgage payments. The Committee is concerned that with the curtailed appropriations available for this program, less than 30 percent of the authorization level, that expanding potential uses will further dilute the program's effectiveness. Furthermore, such program benefits are duplicative of that provided under the separately administered FEMA food and shelter program and could result in program abuse with multiple payments from different agencies as well as an increase in administrative costs for the Emergency Shelter Grants Program. The Committee, therefore, directs the Secretary to limit eligible uses of the Emergency Shelter Grants Program to avoid such potential duplication and urges the Interagency Council on the Homeless to more aggressively promote program coordination to maximize the effectiveness of limited budgetary resources.

TRANSITIONAL AND SUPPORTIVE HOUSING DEMONSTRATION PROGRAM

1988 appropriation	$64,250,000
1989 budget estimate	75,000,000
House allowance	85,000,000
Committee recommendation	75,000,000

PROGRAM DESCRIPTION

The supportive housing demonstration program is authorized by the Stewart B. McKinney Homeless Assistance Act. It is designed to develop innovative approaches for providing transitional housing and supportive services for homeless persons, focusing on those capable of moving into independent living. It targets funds on housing assistance for the handicapped, families and deinstitutionalized individuals. Demonstrations funded under the program are intended to determine the cost of acquiring and rehabilitating, or leasing, existing structures for homeless housing as well as the cost of operating such housing and providing supportive services. These demonstrations should illustrate the advantages associated with providing this type of housing and supportive services to the homeless.

COMMITTEE RECOMMENDATION

The Committee concurs with the budget request in recommending $75,000,000 for transitional housing in fiscal year 1989. This is a decrease of $10,000,000 below the House allowance. There is a corresponding increase of $10,000,000 above the House recommendation in the section 8 Moderate Rehabilitation Program for the Single Room Occupancy Program.

INTERAGENCY COUNCIL ON THE HOMELESS

1988 appropriation	([1])
1989 budget estimate	$1,200,000
House allowance	1,200,000
Committee recommendation	1,000,000

[1] $750,000 was transferred from HUD's supportive housing demonstration.

The Interagency Council on the Homeless was authorized by the Stewart B. McKinney Homeless Assistance Act in 1987. It is an independent organization composed of 15 designated Federal agencies with a chairman elected by those agencies and an executive director appointed by the chairman. The Council reviews Federal activities and programs to help the homeless. It works with State and local governments and private organizations on homeless-related efforts. The Council also collects and disseminates information and prepares reports on the homeless issue for the Congress and the President.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $1,000,000 for the Interagency Council on the Homeless. This is $200,000 less than the level contained in the budget request and the House allowance.

The Committee expects the Council to play a more active role in the formulation of the policies and budget for Federal homeless activities. In the absence of such participation by the Council, the Committee believes that funds are better utilized in direct assistance accounts.

FEDERAL HOUSING ADMINISTRATION FUND

1988 appropriation	$162,866,000
1989 budget estimate	237,720,000
House allowance	237,720,000
Committee recommendation	237,720,000

PROGRAM DESCRIPTION

The Federal Housing Administration [FHA] fund covers the mortgage and loan insurance activities of about 40 HUD mortgage/loan insurance programs, including coinsurance, which are grouped into the Mutual Mortgage Insurance Fund, Cooperative Management Housing Insurance Fund, General Insurance Fund, and the Special Risk Insurance Fund.

The appropriation reimburses the FHA fund for losses sustained by the Special Risk Insurance Fund and the General Insurance Fund.

These losses are largely attributable to the sale of HUD-acquired properties and the liquidation of assigned mortgages. The General Insurance Fund provides for a large number of specialized mortgage insurance programs, including the insurance of loans for property improvements as well as for cooperatives, condominiums, housing for the elderly, land development, group practice medical facilities, and nonprofit hospitals. The Special Risk Insurance Fund provides mortgage insurance on behalf of mortgagors eligible for interest reduction payments who otherwise would not be eligible for mortgage insurance; insurance on mortgages covering experimental housing where strict adherence to State or local building regulations is not observed; and insurance for high-risk mortgagors who normally would not be eligible for mortgage insurance.

The temporary mortgage assistance payments [TMAP] program is designed to prevent precipitous foreclosure by helping insured homeowners who have experienced temporary financial difficulties and cannot make their full monthly mortgage payments. Under the TMAP program, HUD makes monthly payments on behalf of single family mortgagors who are at least 3 months in arrears as a result of economic reversals which temporarily prevent the mortgagors from making up their delinquency.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending the budget request of $237,720,000 to fund unrestored losses to the Federal Housing Administration fund. These losses were incurred in 1987 from the liquidation of assigned mortgages and the sale of HUD-owned properties.

The appropriation provides $76,587,000 for the special risk insurance fund as well as $161,133,000 for the general insurance fund.

The Committee concurs with the House in the inclusion of bill language keeping a 1989 FHA mortgage and loan insurance commitment limitation of $96,000,000,000.

The Committee also concurs with the House in approving language in the bill limiting temporary mortgage assistance payments to $103,350,000 as requested by the administration.

The Committee shares the House's concern with a HUD policy memorandum dated March 16, 1988, regarding FHA acceptance of Veterans Administration certificates of reasonable value [CRV's]. The memorandum advises that CRV's will no longer be accepted as evidence of subdivision approval for the purpose of issuing an FHA master conditional commitment. The Committee directs the Department to rescind the March 16 policy change.

NONPROFIT SPONSOR ASSISTANCE

(LIMITATION ON LOANS)

1988 limitation	$960,000
1989 budget estimate	630,000
House allowance	960,000
Committee recommendation	960,000

PROGRAM DESCRIPTION

Nonprofit assistance loans as authorized by the Housing and Urban Development Act of 1968 provide nonprofit sponsors of section 202 elderly or handicapped housing with startup funds. The loans are interest free and are used to cover the planning costs associated with constructing or rehabilitating section 202 units. Startup costs include such items as preliminary surveys and market analyses, preliminary site engineering, architectural fees, and expenses related to site control.

Each loan can cover no more than 80 percent of total eligible startup costs up to a maximum of $50,000 for each project. The sponsor funds the remaining costs. These startup costs are subsequently repaid from the first construction cost advance under the section 202 direct loan program.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending a loan limitation of $960,000 for nonprofit sponsor assistance in fiscal year 1989. This is identical to the 1988 level but $330,000 above the administration's request.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES

(LIMITATION ON GUARANTEED LOANS)

1988 limitation	$144,000,000,000
1989 budget estimate	100,000,000,000
House allowance	144,000,000,000
Committee recommendation	144,000,000,000

PROGRAM DESCRIPTION

The Government National Mortgage Association [GNMA] through the mortgage-backed securities program, guarantees privately issued securities backed by pools of mortgages. GNMA is a wholly owned corporate instrumentality of the United States within the Department. Its powers are prescribed generally by title III of the National Housing Act, as amended. GNMA is authorized by section 306(g) of the act to guarantee the timely payment of principal and interest on securities that are based on and backed by a trust or pool composed of mortgages that are guaranteed by the Federal Housing Administration, the Farmers Home Administration, or the Veterans' Administration. GNMA's guarantee of mortgage-backed securities is backed by a full faith and credit of the United States.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending a GNMA limitation on loan guarantee commitments of $144,000,000,000 in fiscal year 1989. This is an increase of $44,000,000,000 over the budget request and is the same as the enacted 1988 level.

The administration proposes to change the long-standing 44 basis point servicing fee for the GNMA mortgage-backed securities program. The Committee is concerned that a change to this basic program provision could seriously disrupt the marketability of GNMA securities, impair their liquidity, and potentially cost the Government large sums of money because claims on the Government guaranty would not potentially be offset by adequate servicing income.

The Committee directs the Secretary to submit a report to the Committee on or before May 15, 1989, or 90 calendar days prior to implementing deregulation of the fee. The report should address the effect of deregulation of the servicing fee on the GNMA reserve fund due to the possibility that GNMA might have to assume below-cost servicing on GNMA pools. The report should also address the effect of fee deregulation on regional pricing of mortgages, and the effect of odd coupon GNMA securities on liquidity.

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT GRANTS

1988 appropriation	$2,880,000,000
1989 budget estimate	2,480,000,000
(By transfer)	(145,000,000)
House allowance	2,650,000,000
(By transfer)	(350,000,000)
Committee recommendation	2,840,000,000
(By transfer)	(160,000,000)

PROGRAM DESCRIPTION

Under title I of the Housing and Community Development Act of 1974, as amended, the Department is authorized to award block grants to units of general local government and States for the funding of local community development programs. A wide range of physical, economic, and social development activities are eligible with spending priorities determined at the local level, but the law enumerates general objectives which the block grants are designed to fulfill, including adequate housing, a suitable living environment and expanded economic opportunities, principally for persons of low and moderate income. Grant recipients are required to use at least 60 percent of their block grant funds for activities that benefit low- and moderate-income persons.

Funds are distributed to eligible recipients for community development purposes utilizing the higher of two objective formulas, one of which gives somewhat greater weight to the age of housing stock. Seventy percent of appropriated funds are distributed to entitlement communities and 30 percent are distributed to nonentitlement communities

after deducting a designated amount for the Secretary's discretionary fund.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending a program level of $3,000,000,000 for the Community Development Block Grant [CDBG] Program in fiscal year 1989, consisting of an appropriation of $2,840,000,000 and a transfer of $160,000,000 from the rehabilitation loan fund. The House provides a direct appropriation of $2,650,000,000 with transfers of $200,000,000 from the rehabilitation loan fund and $150,000,000 from the flexible subsidy fund. These changes provide an increase of $375,000,000 above the budget request to restore the Block Grant Program to the level provided in 1987. The Committee recommends continuation of the section 108 Loan Guarantee Program at a level of $144,000,000, the same as the House allowance.

The Committee recommends the deletion of House bill language earmarking $5,000,000 for continuance of a child care demonstration project involving public housing tenants. The demonstration utilizes space made available by public housing authorities for all-day and after-school child care by nonprofit organizations. The Committee has recommended bill language to set aside $2,000,000 of the block grant appropriation to continue funding of the neighborhood development demonstration authorized under section 123 of the Housing and Urban-Rural Recovery Act of 1983. Based on the extensive involvement of neighborhood organizations, the Committee believes additional funding is warranted.

The Committee concurs with the House in recommending that $56,000,000 be made available for the Secretary's discretionary fund from the total provided for CDBG activities. The amount proposed exceeds the administration's budget estimate by $6,000,000. The Committee directs the Department to devote this additional funding to special projects and technical assistance.

The Committee concurs with the House in directing the Department to allocate a minimum of $750,000 for expansion of the district heating and cooling program. This program, which was initiated in 1982, increases energy efficiency by utilizing energy which is the byproduct of large city heating and cooling systems and which otherwise would be wasted in high-density central city areas. The funds provided are used for assistance grants to cities or their third-party designees for feasibility assessments and predevelopment activities.

The Committee urges the Secretary to allocate $60,000 from his special projects fund to assist Northgate Apartments in Burlington, VT. This is a tenant owned and operated project and 47 percent of the households involved are very low income families according to the definition set forth in HUD guidelines. The funds will leverage $20,000 in private donations from local churches and businesses and will be used to develop local capacity for the tenant management of the apartments.

The Committee further urges the Secretary to provide $1,500,000 from the special projects fund for the infrastructure development of Hawaiian home lands. The homelands constitute 187,000 acres of property which can be made available under 99-year homestead leases to native Hawaiians. Although 32,713 acres had been awarded as homestead lots through June 30, 1987, these funds will assist the State of Hawaii to provide the roads, water, electricity, and drainage improvements necessary to allow a substantial portion of the remaining acres to be leased to native Hawaiians.

The Committee also urges the Secretary to release $1,284,000 in special projects funds to assist in the creation of a statewide math and science high school in Oklahoma City. The funds will be used to pay part of the costs of acquiring a 30-acre tract in a depressed area of the city for this high school. A reduction in anticipated CDBG benefits because of a statutory change has created the shortfall that these funds are intended to remedy.

The Committee urges the Secretary to make $2,000,000 in the special projects fund available for the modification and the repair of an innovative wastewater treatment facility in Henderson, NV. This facility is a crucial component of the city's economic development efforts and will serve as a model for water reuse projects in other desert communities.

Finally, the Committee urges the Secretary to make $1,000,000 available for the purchase and/or renovation of the building formerly known as the National Mariner's Union Building, located at 17th Street and 9th Avenue in Manhattan and owned by Covenant House. This project deserves special consideration because it fills a compelling and immediate need for crisis shelters for homeless youths.

The Committee concurs with the House in recommending the inclusion of bill language to permit the State of Pennsylvania to continue to use State data on low- and moderate-income populations with respect to community development grant funds appropriated for fiscal years 1987 and 1988.

The Committee concurs with the House in recommending the inclusion of language to amend section 105(c)(2)(A) of the Housing and Community Development Act of 1974. This change is made to clarify that CDBG funds shall be eligible for paying low- and moderate-income persons' assessments to recover the capital cost of public improvements.

The Committee recommends bill language to transfer $160,000,000 from the balance in the rehabilitation loan fund to the community development block grant program. This is $40,000,000 less than the House-proposed transfer from this account and $15,000,000 more than what was contained in the budget estimate.

URBAN DEVELOPMENT ACTION GRANTS

1988 appropriation	$216,000,000
1989 budget estimate	
House allowance	
Committee recommendation	

PROGRAM DESCRIPTION

Under section 119 of the Housing and Community Development Act of 1974, as amended, the Department is authorized to award urban development action grants [UDAG] to economically distressed cities and counties. The Secretary is also authorized to use up to 20 percent of the UDAG funds appropriated for the purpose of making grants to eligible "pockets of poverty" jurisdictions.

The primary objective of UDAG is to revitalize distressed communities by stimulating economic development, which in turn will create new permanent jobs and new sources of tax revenue.

A major focus of the UDAG Program, and one that tends to distinguish it from other urban aid programs, is the requirement that leveraging of private investment in discrete projects in distressed cities and urban counties must be in evidence before UDAG funding is approved.

COMMITTEE RECOMMENDATION

The Committee concurs with the administration in recommending no additional funding for the UDAG Program in fiscal year 1989. The House-passed bill also provides no new funding for this program.

The Committee notes that from 1978 to 1987 commercial projects received 50 percent of all UDAG funds, industrial projects received another 25 percent, and that a mere 11 percent of the total amount available under the UDAG program was spent on housing projects. Furthermore, although UDAG grants were supposed to produce more than 500,000 jobs, only 57 percent of those jobs have been created to date and only 58 percent of the jobs were targeted to low- and moderate-income groups. The Committee does not doubt the value of UDAG-financed projects and their ability to leverage private funds. However, the Committee believes that given today's severe budget pressures, scarce Federal dollars can be better directed to the needs of the truly poor through the CDBG Program and other Federal grant activities.

Although the Committee is not recommending new appropriations for the Urban Development Action Grants Program, it intends the program to be continued in fiscal year 1989 with approximately $50,000,000 in recaptured funds. The budget request provided for the rescission of these funds.

The Committee has approved bill language that would modify the UDAG funding system by limiting the total a single city could receive in any one grant round to $10,000,000 until all cities and urban counties submitting fundable applications have received grant awards, at which time cities submitting multiple applications could receive one additional

award if funds remain available. The purpose of the language is to assure the equitable distribution of funds among competing cities. The Committee is hopeful that the bill will become law at an early enough date to allow this limitation to apply to the September 1988 round of UDAG approvals.

REHABILITATION LOAN FUND

PROGRAM DESCRIPTION

Section 312 of the Housing Act of 1964, as amended, authorizes the Secretary to make loans for the rehabilitation of single family and multifamily residential properties and nonresidential properties in federally aided community development grant, urban homesteading, urban renewal and code enforcement areas certified by local governments. The Housing and Urban-Rural Recovery Act of 1983 (Public Law 98–181) prohibits funding priority based on (1) type of dwelling unit, or (2) the receipt of assistance for housing or community development, other than assistance for local homesteading programs.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending the continuation of the section 312 rehabilitation loan program during fiscal year 1989 although the administration has proposed its termination.

The Committee expresses concern over the Department's restrictive interpretation of the legislation authorizing the section 312 Rehabilitation Loan Program. There are indications that many potential borrowers have been eliminated due to an inflexible interest rate structure and unrealistic underwriting ratios. To address this problem, the Committee suggests that the Department change its administrative procedures to include a three-tiered interest rate structure and one underwriting ratio to replace the current dual ratio policy.

Bill language has been included under the community development block grant program to transfer $160,000,000 from the balance in the rehabilitation loan fund. The transfer is consistent with the Department's ability to obligate funds and leaves an estimated level of $77,000,000 for new loans.

URBAN HOMESTEADING

1988 appropriation	$14,400,000
1989 budget estimate	12,000,000
House allowance	12,000,000
Committee recommendation	14,400,000

PROGRAM DESCRIPTION

Section 810 of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to transfer, without payment, to a unit of general local government, State or public agency, any HUD-owned, unoccupied, one- to four-family residences for use in an

approved urban homesteading program. Section 810 also authorizes the Administrator of Veterans Affairs and the Secretary of Agriculture to transfer their unoccupied, one- to four-family residences for use in HUD-approved urban homesteading programs.

The funds appropriated for urban homesteading reimburse the Federal Housing Administration Fund or the Rehabilitation Loan Fund for HUD-owned properties, the Administrator of Veterans Affairs for Veterans' Administration [VA] properties, and the Secretary of Agriculture for Farmers Home Administration [FmHA] properties used by approved homesteading localities. The reimbursements are for the fair market value of each property.

COMMITTEE RECOMMENDATION

The Committee recommends $14,400,000 for the Urban Homesteading Program, the same as the 1988 level, $2,400,000 more than the budget estimate, and $2,400,000 more than the House allowance. This will permit the transfer of 847 Federal properties in 1989, including VA and Farmers Home Administration properties.

ASSISTANCE FOR SOLAR AND CONSERVATION IMPROVEMENTS

1988 appropriation	$1,500,000
1989 budget estimate	
House allowance	
Committee recommendation	

PROGRAM DESCRIPTION

Title V of the Energy Security Act of 1980 created the Solar Energy and Energy Conservation Bank to lessen this country's dependency on imported oil by encouraging energy conservation and the use of solar technology. The act authorized the Bank to provide subsidies directly to financial institutions, local governments and utilities for the making of below-market-rate loans and grants. However, the Department elected to use the States as intermediaries. In 1985, the peak activity year, 48 States and territories were participating in the program.

COMMITTEE RECOMMENDATION

The Committee concurs with the administration in recommending no additional funding for the Solar Energy and Energy Conservation Bank. The Committee recommends the deletion of House bill language to continue the solar bank program using recaptured authority in 1989 and the inclusion of language in the bill that rescinds all recaptured funds.

Policy Development and Research

RESEARCH AND TECHNOLOGY

1988 appropriation	$16,512,000
1989 budget estimate	19,000,000
House allowance	17,000,000
Committee recommendation	17,200,000

PROGRAM DESCRIPTION

Title V of the Housing and Urban Development Act of 1970, as amended, directs the Secretary of the Department of Housing and Urban Development to undertake programs of research, studies, testing, and demonstrations relating to the Department's mission and programs. These functions are carried out internally and through grants to and contracts with industry, nonprofit research organizations, educational institutions, and through agreements with State and local governments and other Federal agencies. The research programs focus on ways to improve the efficiency, effectiveness, and equity of HUD programs and identify methods to achieve cost reductions.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $17,200,000 for this account. This is $200,000 more than the level contained in the House allowance and $1,800,000 less than the budget request.

The Committee concurs with the House in directing that not less than $1,500,000 of the total provided be devoted to the lead-based paint problem.

The Committee expects the $200,000 increase in the House allowance to be used for the continuation of planning for the survey of residential finance and the components of inventory change in housing. The Committee expects HUD to transfer these funds to the Bureau of the Census to support the Bureau's preparations for these surveys.

Fair Housing and Equal Opportunity

FAIR HOUSING ASSISTANCE

1988 appropriation	$4,800,000
1989 budget estimate	5,000,000
House allowance	10,000,000
Committee recommendation	5,000,000

PROGRAM DESCRIPTION

The Fair Housing Assistance Program helps State and local agencies to implement title VIII of the Civil Rights Act of 1968, which prohibits discrimination in the sale, rental, and financing of housing and in the provision of brokerage services. The major objective of the program is to assure prompt and effective processing of title VIII complaints with appropriate remedies for complaints by State and local fair housing agencies. The program also provides assistance to community housing

resource boards, consisting of representatives of community organizations throughout a metropolitan area, which enhance the ability of the Department to carry out its voluntary compliance and enforcement program.

COMMITTEE RECOMMENDATION

The Committee concurs with the budget request in providing $5,000,000 for fair housing assistance in fiscal year 1989. This includes $4,000,000 in grants to support State and local fair housing agencies for capacity building, training, and complaint processing and monitoring. In addition, $1,000,000 is provided to support community housing resource boards. The House provides $10,000,000 for fair housing activities to be divided between the Fair Housing Assistance Program and Fair Housing Initiatives Program at the discretion of the Department. The Committee concurs with the administration in separating the accounts.

FAIR HOUSING INITIATIVES

1988 appropriation	
1989 budget estimate	$5,000,000
House allowance	
Committee recommendation	5,000,000

PROGRAM DESCRIPTION

The Fair Housing Initiatives Program is authorized by section 561 of the Housing and Community Development Act of 1987. This new initiative is designed to alleviate housing discrimination by increasing support to public and private organizations for the purpose of eliminating or preventing discrimination in housing, and to enhance fair housing opportunities. This new program will complement the Department's Fair Housing Assistance Program.

COMMITTEE RECOMMENDATION

The Committee concurs with the budget request in providing $5,000,000 exclusively for fair housing initiatives in fiscal year 1989. In this way the Committee can be sure that the $5,000,000 provided for this new program will not be used in whole or in part to expand the existing Fair Housing Assistance Program.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

	Appropriation	*FHA funds (by transfer)*
1988 appropriation	$308,119,000	$358,132,000
1989 budget estimate	337,843,000	359,348,000
House allowance	337,843,000	381,528,000
Committee recommendation	337,843,000	371,920,000

PROGRAM DESCRIPTION

The appropriation proposed by the Committee would finance all salaries and related expenses associated with administering the programs of the Department of Housing and Urban Development, including the following activities:

1. *Housing and mortgage credit programs.*—This activity includes staff salaries and related expenses associated with administering housing programs, the implementation of consumer protection activities in the areas of interstate land sales, mobile home construction and safety, and real estate settlement procedures.

2. *Community planning and development programs.*—Funds in this activity are for staff salaries and expenses necessary to administer community planning and development programs.

3. *Equal opportunity and research programs.*—This activity includes salaries and related expenses associated with implementing equal opportunity programs in housing and employment as required by law and executive orders and the administration of research programs and demonstrations.

4. *Departmental management, legal and audit services.*—This activity includes a variety of general functions required for the Department's overall administration and management. These include the Office of the Secretary, Office of General Counsel, and the Office of Inspector General as well as administrative support in such areas as accounting, personnel management, contracting and procurement, and office services.

5. *Field direction and administration.*—This activity includes salaries and expenses for the regional administrators, area office managers, and their staffs who are responsible for the direction, supervision, and performance of the Department's field offices, as well as administration support in areas such as accounting, personnel management, contracting and procurement, and office services.

COMMITTEE RECOMMENDATION

The Committee recommends $337,843,000, in direct appropriations plus $371,920,000 from various funds of the Federal Housing Administration, for salaries and expenses of the Department of Housing and Urban Development in 1989. This amount, together with an estimated $7,311,000 in transfers from other sources, will provide a total of $717,074,000 for management of HUD, a reduction of $9,608,000 below the House-passed level and an increase of $12,572,000 above the administration's request.

The Department estimates this will support 13,316 staff-years requiring $503,621,000 for salaries and benefits and $213,453,000 for all other objects of expense. This has been adjusted from the basis included in the budget and House Committee's calculations to accommodate the inclusion of all of the staff of the Office of Information Policies and Systems in the working capital fund.

The Committee recommendation consists of the following changes to the budget estimate:

+$10,114,000 for 271 staff-years to support recommended program levels. The additional staff consists of 13 for housing, 202 for public and Indian housing, 36 for community planning and development, and 20 for administrative support.

+$4,658,000 for 137 staff-years for anticipated FHA workload increases in insurance applications, property acquisition, and sales.

−$200,000 and 5 staff-years for the Office of Policy Development and Research, which provides an increase of 8 staff-years in lieu of the increase of 13 requested.

+$1,000,000 to continue the Housing Assistance Council at the current program level.

−$3,000,000 of the $18,182,000 increase requested for automated data processing services. The savings results from slippage in the date for converting the Department's ADP systems to the HUD integrated information processing system.

The Committee expects the staffing changes to be allocated as shown in the following table:

STAFF-YEAR SUMMARY

		1989			
	1988 enacted	Agency request	House recommendation	Senate recommendation	Change from House
Housing:					
Washington	528	544	544	544	
Field	5,646	5,517	5,780	5,667	−113
Public and Indian housing:					
Washington	140	141	141	141	
Field	1,175	972	1,224	1,174	−50
Government National Mortgage Association: Washington	51	56	56	56	
Community planning and development:					
Washington	270	245	268	248	−20
Field	883	776	874	809	−65
Policy development and research: Washington	133	145	132	140	+8
Fair housing and equal opportunity:					
Washington	128	130	130	130	
Field	460	468	468	468	
Departmental management: Washington	132	138	138	138	
Office of General Counsel: Washington	219	228	228	228	
Field legal services: Field	265	268	268	268	
Office of Inspector General: Washington/field	495	495	495	495	
Administration and staff services: Washington	1,184	1,164	1,164	1,116	[1] −48
Working Capital Fund: Washington	225	236	236	284	[1] +48
Field direction and operational support: Field	533	533	533	533	
Field administration: Field	875	857	877	877	
Total	13,342	12,913	13,556	13,316	−240

[1] Reflects approved reprogramming.

The Committee recommends the deletion of House-approved bill language requiring a minimum staffing level of 1,365 for public and Indian housing. Although the Committee expects the Department to implement the recommendations contained in this report, the Committee prefers to allow the Department the flexibility to make staffing changes where appropriate, subject of course, to the Committee's reprogramming notificaiton requirements.

ADMINISTRATIVE PROVISIONS

The Committee recommends an administrative provision changing the method by which urban development action grants are to be distributed. This provision is described in more detail under the UDAG portion of the report.

The Committee also recommends a new administrative provision which places a restriction on the use of appropriated funds to temporarily prevent the implementation of regulations which require testing for and removal of lead-based paint in public housing until the Secretary certifies that this program will be conducted in a cost-effective and safe manner.

The regulations which this provision holds in abeyance were promulgated pursuant to legislation enacted in the Housing Authorization Act of 1987. Included among the many revisions in that act was a little discussed new provision on lead-based paint which has generated widespread concerns over mandated testing techniques and abatement procedures. As a result of these concerns, the House and Senate authorizing committees are considering amendments to correct perceived deficiencies.

The recommended limitation will temporarily hold in abeyance the promulgated regulations until Congress has the opportunity to act on this corrective legislation or until the Secretary of HUD revises the regulations to address these issues.

TITLE II—INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

1988 appropriation	$12,408,000
1989 budget estimate	15,085,000
House allowance	15,085,000
Committee recommendation	15,085,000

PROGRAM DESCRIPTION

The American Battle Monuments Commission [ABMC] is responsible for the maintenance and construction of U.S. monuments and memorials commemorating the achievements in battle of our Armed Forces since April 6, 1917; for controlling the erection of monuments and markers by U.S. citizens and organizations in foreign countries; and for the design, construction, and maintenance of permanent military cemetery memorials in foreign countries. The Commission maintains 24 military cemetery memorials on foreign soil; 14 monuments and memorials not a part of the cemeteries; and 2 bronze tablets. In addition, the Commission administers four large memorials on U.S. soil. It is presently charged with erecting a Korean war veterans memorial in the Washington, DC, area.

COMMITTEE RECOMMENDATION

The Committee recommends $15,085,000 for the salaries and expenses of the American Battle Monuments Commission. This is the same as the budget request and the House allowance.

The amount proposed is sufficient to administer, operate, and maintain the American Battle Monuments Commission's military cemeteries, monuments, and memorials throughout the world. This amount will support 387 full-time permanent positions.

Recognizing that the ABMC has been extremely vulnerable to currency exchange fluctuations during the past several years, the Committee recommends the inclusion of language in the bill depositing $829,000 into the "Foreign currency fluctuations, American Battle Monuments" account. This will enable the fund to become self-sustaining should the dollar rise even temporarily, as savings then would be credited to that account to use against future currency value declines.

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

1988 appropriation	$32,696,000
1989 budget estimate	32,917,000
House allowance	34,500,000
Committee recommendation	34,667,000

PROGRAM DESCRIPTION

The Commission is an independent regulatory agency that was established on May 14, 1973, and is responsible for protecting the public against unreasonable risks of injury from consumer products; assisting consumers to evaluate the comparative safety of consumer products; developing uniform safety standards for consumer products and minimizing conflicting State and local regulations; and promoting research and investigation into the causes and prevention of product-related deaths, illnesses, and injuries.

In carrying out its mandate, the Commission establishes mandatory product safety standards, where appropriate, to reduce the unreasonable risk of injury to consumers from consumer products; helps industry develop voluntary safety standards; bans unsafe products if it finds that a safety standard is not feasible; monitors recalls of defective products; informs and educates consumers about product hazards; conducts research and develops test methods; collects and publishes injury and hazard data, and promotes uniform product regulations by governmental units.

The 1981 amendments to the Consumer Product Safety Act [CPSA] require the Commission to analyze costs and benefits of proposed rules, consider the protection afforded by existing voluntary standards and voluntary standards which could be developed and examine all reasonable alternatives to mandatory requirements before proposing standards and major regulations, and again before issuing any such rule on a final basis.

To meet its obligations under the Consumer Product Safety Act and the other legislative mandates listed above, the Commission has developed a set of programs which address specific product hazards.

COMMITTEE RECOMMENDATION

The Committee recommends $34,667,000 for the activities of the Consumer Product Safety Commission [CPSC], an increase of $1,750,000 above the administration's request, $1,971,000 over the fiscal year 1988 level, and $167,000 above the House allowance.

The Committee recommends an addition of $1,500,000 and nine FTE in lieu of the House increase of $1,333,000 to implement the all-terrain vehicle [ATV] consent decree and to develop an ATV performance standard. The Committee urges the Commission to develop the performance standard in an expeditious manner.

The Committee concurs with the House increase of $400,000 for indoor air research studies. The Committee recommends that these funds be used to complete prior research on biological aerosols and to initiate a study relative to kerosene heaters.

The Committee concurs with the House decrease of $150,000 from information and education activities.

The Committee notes with concern the Commission's seemingly decreased vigor in addressing safety hazards as illustrated by the fact that the total number of agenda items considered by the Commission in 1986 as compared to 1987 fell approximately 68 percent. The Committee directs that CPSC act to prevent excessive delays in the review of product safety issues.

Department of Defense—Civil

Cemeterial Expenses, Army

SALARIES AND EXPENSES

1988 appropriation	$8,164,000
1989 budget estimate	13,195,000
House allowance	13,195,000
Committee recommendation	13,195,000

PROGRAM DESCRIPTION

Responsibility for the operation of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery is vested in the Secretary of the Army. As of September 30, 1988, Arlington and Soldiers' and Airmen's Home National Cemeteries contained the remains of 226,000 persons and comprised a total of approximately 628 acres. There were 2,910 interments and 1,200 inurnments in fiscal year 1987; 2,940 interments and 1,225 inurnments are estimated for the current fiscal year; and 2,950 interments and 1,275 inurnments for fiscal year 1989.

COMMITTEE RECOMMENDATION

The Committee concurs with the House and the administration in recommending an appropriation of $13,195,000 for Army cemeterial expenses.

Environmental Protection Agency

1988 appropriation	$5,027,442,000
1989 budget estimate	4,779,000,000
House allowance	5,163,882,000
Committee recommendation	5,390,750,000

The Committee recommends an appropriation of $5,390,750,000 for EPA's programs in fiscal year 1989. This amount is $611,750,000 more than the budget estimate and $226,868,000 more than the House allowance.

GENERAL DESCRIPTION

The Environmental Protection Agency [EPA] was created through an executive reorganization plan—Reorganization Plan No. 3 of 1970—designed to consolidate certain Federal Government environmental activities into a single agency. The plan was submitted by the President to the Congress on July 8, 1970 and the Agency was established as an independent agency in the executive branch on December 2, 1970 by consolidating 15 components from 5 departments and independent agencies.

A description of EPA's pollution control programs by media follows:

Air.—The Clean Air Act authorizes a national program of air pollution research, regulation, and enforcement activities. Under the act, primary responsibility for the prevention and control of air pollution at its sources rests with State and local government, with a strong mandate that the Environmental Protection Agency take action when States do not fulfill their responsibilities. EPA's role is to conduct research and development programs, insure that adequate standards and regulations are established to meet environmental goals set by the act, support State and local control activities, and insure that the standards and regulations are effectively enforced. The air program encompasses activities related to the development and implementation of air pollution control strategies and achievement of air quality standards.

Water quality.—The Clean Water Act [CWA], as amended in 1977, 1981, and 1987, provides the framework for protection of the Nation's surface waters. The law recognizes that it is the primary responsibility of the States to prevent, reduce, and eliminate water pollution. The States determine the desired uses for their waters, set standards, identify current uses, and, where uses are being impaired or threatened, develop plans for the protection or restoration of the designated use. They implement the plans through control programs such as permitting and enforcement, construction of municipal wastewater treatment works, and nonpoint source control practices.

The 1987 CWA amendments authorized the National Estuary, Clean Lakes, Chesapeake Bay, Great Lakes, and State Revolving Fund programs, while greatly increasing permit requirements to include sludge, stormwater and toxic controls.

The Marine Protection, Research, and Sanctuaries Act also forms a part of the framework to protect the Nation's waters. It authorizes the Agency to regulate ocean dumping through the development of regulations and criteria and through an Ocean Dumping Permit Program. Additionally, the Plastic Pollution Research and Control Act of 1987 requires EPA to identify and reduce the effects of plastic pollution on the marine environment and to prepare a restoration plan for the New York Bight.

The Environmental Protection Agency has the role of establishing national regulations and guidelines to assure that the goals of the acts are met; conducting research and development on methods, procedures, and technologies for water pollution control; making grants to support

State and local activities; and insuring that standards and regulations are enforced effectively.

Drinking water.—The Safe Drinking Water Act [SDWA] of 1974 charged EPA with the responsibility of implementing a program to assure that the Nation's public drinking water supplies are free of contamination that may pose a human health risk, and to protect and prevent the endangerment of ground water resources which serve as drinking water supplies. In the time since the program was established, the requirements on the operators of public water systems as well as the number of community water systems regularly monitoring drinking water quality in conformance with consistent national regulations, have increased substantially. The SDWA Amendments of 1986 mandated revisions of existing contaminant standards, new standards for a host of chemical contaminants, and new regulatory provisions which require substantial further development of the Public Water Systems [PWS] regulatory framework and reemphasize EPA's responsibility for setting drinking water contaminant levels and ensuring enforcement.

The Drinking Water Program encompasses the following activities: (1) establishing national drinking water standards; (2) protecting underground sources of drinking water, particularly by controlling underground injection of wastes; (3) assisting the States in assuming primary responsibility for monitoring and enforcing compliance with national standards and regulations; (4) directly implementing programs for public water system supervision and underground injection control in States that have not received primary enforcement responsibility; and (5) performing research which supports the development, revision, and implementation of regulations.

Hazardous waste.—The Resource Conservation and Recovery Act of 1976 [RCRA] mandated EPA to develop a regulatory program to protect human health and the environment from improper hazardous waste disposal practices. The RCRA Program manages hazardous wastes from generation through disposal.

EPA's responsibilities and authorities to manage hazardous waste were greatly expanded under the Hazardous and Solid Waste Amendments of 1984. Not only does the regulated universe of wastes and facilities dealing with hazardous waste increase significantly, but past mismanagement practices, in particular prior releases at inactive hazardous and solid waste management units, must be identified and corrective action taken. The 1984 amendments also authorized a regulatory and implementation program directed to owners and operators of underground storage tanks.

Major activities under the Hazardous Waste Management Program include: (1) developing new and revising existing regulations and guidelines for hazardous waste handlers; (2) conducting research and development to support the hazardous waste program; (3) implementing a permitting and corrective action program; (4) enforcing compliance with regulations, and (5) authorizing and assisting State implementation of the program. The Hazardous Waste Program also supports activities

authorized under the Emergency Planning and Community Right-to-Know Act of 1986.

Pesticides.—The objective of the Pesticide Program is to protect the public health and the environment from unreasonable pesticide risks while permitting the use of necessary pest control technologies. This objective is pursued by EPA under the Federal Insecticide, Fungicide, and Rodenticide Act [FIFRA] and the Federal Food, Drug, and Cosmetic Act [FFDCA] through three principal means: (1) review of existing and new pesticide products; (2) enforcement of pesticide use rules; and (3) research and development to reinforce the ability to evaluate the risks and benefits of pesticides.

Radiation.—The radiation programs' major emphasis is to minimize the exposure of persons to ionizing radiation, whether from naturally occurring sources, from medical or industrial applications or nuclear power sources. While some exposure to radiation is inevitable, EPA takes the position that no avoidable risk attributable to such exposure should occur to individuals or to the environment without offsetting benefits. EPA pursues this protective goal through four interdependent sets of activities: (1) development of criteria, standards, and guidelines; (2) assessment of the environmental impact of emerging radiation problems; (3) surveillance of radiation levels in the environment; and (4) research and development to determine methods for mitigating radiation exposure.

Toxic substances.—The Toxic Substances Control Act [TSCA] establishes a program to stimulate the development of adequate data on the effects of chemical substances on health and the environment, and institute control action for those chemicals which present an unreasonable risk of injury to health or the environment. The act's coverage is broad, affecting more than 60,000 chemicals currently in commerce, and all new chemicals.

The major programs that the Agency must develop and implement to carry out the provisions of the act are those to: (1) require testing of chemicals and submission of reports of existing information by industry and review these and other data to determine chemical hazards; (2) review and act on new chemical and significant new use notifications by industry; (3) control the manufacturing, processing, distribution, use, and disposal of existing chemicals that pose unreasonable risks to health and the environment; (4) enforce these statutory and regulatory programs; (5) conduct research and development to support the implementation of the law; and (6) insure that all Agency programs dealing with toxic substances coordinate and integrate risk assessments, priority setting, and regulatory actions. In addition, the toxic substances program supports programs as authorized under the Asbestos School Hazard Abatement Act [ASHAA], the Asbestos Hazard Emergency Response Act [AHERA] and reporting requirements established by title III of the Superfund Amendments and Reauthorization Act of 1986.

Interdisciplinary.—The interdisciplinary medium is designed to support programs where the problems, tools, and results are multidisciplin-

ary in nature and must be coalesced into an integrated program. This integrated program encompasses the Agency's enforcement policy and litigation activities. This concept is also employed in the Agency's efforts to advance the state-of-the-art in the Agency's scientific capabilities and knowledge through the Exploratory Research Program, to review other agencies' environmental impact statements [EIS's], to prepare new source EIS's, and to promote compliance of Federal activities with regulations for environmental pollution control.

Energy.—The primary objective of the Energy Research and Development Program is to provide scientific information necessary to assess environmental effects from energy production and utilization practices. Satisfying this objective requires research and development to better understand the phenomena of acid precipitation.

Superfund.—The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 [CERCLA] established a national program to protect public health and the environment from the threats posed by inactive hazardous waste sites and spills of hazardous substances. The original statute was amended by the Superfund Amendments and Reauthorization Act of 1986 [SARA]. SARA greatly expanded the original taxing authority, which had expired, and significantly broadened basic program authorities established under CERCLA.

To achieve its objectives, the EPA: (1) Provides short-term emergency response to clean up hazardous waste spills; (2) undertakes long-term cleanup of the Nation's most serious inactive or abandoned hazardous waste sites which are designated on the national priorities list; (3) compels responsible parties to directly undertake response actions whenever possible; (4) conducts alternative/innovative treatment technology research and demonstrations; and (5) seeks to recover moneys expended from the trust fund through enforcement actions.

SARA created an $8,500,000,000 Hazardous Substance Superfund to finance the cleanup and enforcement activities required by the statute. This fund is financed primarily by excise taxes levied on oil and chemical manufacturers, a corporate environmental tax, general fund appropriations, interest on investments, and cost recoveries.

Leaking underground storage tanks.—Subtitle I of the Solid Waste Disposal Act as amended by the Superfund Amendments and Reauthorization Act of 1986 [SARA] authorizes the establishment of a response program for cleanup of releases from leaking underground storage tanks that contain petroleum. Owners and operators of facilities with underground storage tanks have the initial responsibility for cleanup and once regulations are in place, must maintain evidence of financial responsibility. The Leaking Underground Storage Tank [LUST] Trust Fund provides supplemental cleanup capabilities.

The Agency's objective is to implement the LUST response program primarily through cooperative agreements with States. The EPA or States with cooperative agreements may use the trust fund to undertake corrective action for cleanup of releases, enforce corrective action by responsible owners and operators, and pursue recovery of costs expended from the fund.

SALARIES AND EXPENSES

1988 appropriation	$765,000,000
1989 budget estimate	800,000,000
House allowance	804,000,000
Committee recommendation	802,000,000

PROGRAM DESCRIPTION

The salaries and expenses appropriation supports all costs of administering EPA's programs, exclusive of Superfund and LUST. This account provides support for executive direction, management, and support for all Agency programs at headquarters and the 10 regional offices. It also provides funding for repair and improvement projects under $25,000. In addition to personnel and administrative costs associated with abatement, control and compliance, research and development, and enforcement activities, the salaries and expenses appropriation supports the following functions:

1. *Program management.*—This activity covers the salaries and related expenses for the assistant administrators and immediate staffs in the Offices of Water; Air and Radiation; Pesticides and Toxic Substances; Solid Waste and Emergency Response; Research and Development; Enforcement and Compliance Monitoring; General Counsel; and External Affairs.

2. *Agency management.*—This activity supports agencywide policy direction and management activities, including the salaries and associated costs for: the Immediate Office of the Administrator; the offices which report directly to the Administrator; the Inspector General; the Office of General Counsel; the Office of Administration and Resources Management; the Office of Policy, Planning, and Evaluation; and the headquarters components of External Affairs.

3. *Regional management.*—This activity supports the regional administrators, their immediate staffs and the staff offices reporting directly to them such as intergovernmental relations, public affairs, and civil rights. Regional management also includes the regions' central management functions: planning and analysis, budgeting, financial management, personnel management, and administrative services as well as the regional counsel.

4. *Laboratory support.*—This activity supports operation of the laboratories of the Offices of Research and Development; Pesticides and Toxic Substances; and Air and Radiation. These costs consist mainly of laboratory services such as, utilities, building maintenance, custodial services, communications, and other operational expenses.

5. *Agency support.*—This activity provides general office and building services and support for program operations at EPA headquarters, Research Triangle Park, and Cincinnati. Agency support also includes agencywide costs which are managed at headquarters and which support the needs of all Agency programs. Examples of such costs include facilities rent, ADP support, and use of the Federal Telecommunications System.

6. *Regional support.*—This activity supports basic needs of the regions, including telephone service, guard services, printing and copying services, rental of office equipment, ADP equipment, and other office and building services.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $802,000,000 for salaries and expenses. This is $2,000,000 above the budget estimate, $2,000,000 below the House allowance, and represents an increase of $37,000,000 over the fiscal year 1988 level.

The Committee concurs with the House increase of $600,000 and 10 FTE for the Great Lakes National Program Office and $600,000 and 10 FTE for stratospheric ozone and global climate change studies, to be divided evenly in the Air and Policy Offices.

The Committee recommends an increase of $500,000 and 10 FTE for the regional radon training center and contractor proficiency programs.

In July 1987, the U.S. Court of Appeals for the First Circuit vacated EPA's environmental standards for the disposal of high-level and transuranic radioactive wastes (40 CFR part 191) and remanded them to the Agency for further consideration. The Agency's request for fiscal year 1989 does not include funds for repromulgation of these standards because they were vacated after EPA finished preparing its proposed fiscal year 1989 budget. Therefore, the Committee recommends an addition of $300,000 and five FTE for the radiation criteria, standards, and guidelines program. These positions are to be used to develop and solicit public review and comment on potential revisions to subpart B of 40 CFR part 191.

The Committee does not concur with the following House additions: $2,000,000 to develop computer models and provide technical assistance to States in organizing and accessing title III activities; $1,700,000 for multimedia waste minimization; and $1,100,000 for accelerating Resource Conservation and Recovery Act [RCRA] corrective actions. The Committee restores the House reduction of $2,000,000 from travel, contracting and consultant services.

While the House earmark for SARA title III is deleted, the Committee recognizes the significant role EPA must play in implementing the program. Major challenges confront the Agency on both the emissions inventory and emergency planning. These include providing technical assistance; quality assuring section 313 data; processing section 313 forms; using section 313 data widely throughout EPA; making section 313 data publicly available with statistical and analytical capabilities, including by unautomated means, such as responding to requests to printouts; providing accident prevention and source reduction information; and enforcing the law, including initiating EPA enforcement of emergency planning and notification provisions as well as assisting States in referrals. Technical assistance to local emergency planning committees should be provided in coordination with State emergency response commissions, and should be consistent

with the needs, policies, structures, and procedures of State emergency response commissions and local emergency planning committees. Although title III creates many responsibilities on the State and local level, the Committee recognizes that EPA has a different but nonetheless equal role to play in implementing the emergency planning provisions. The Committee recognizes the importance of the October plan submission deadline, and also views the planning process as an ongoing priority from the Federal, State, and local perspective.

RESEARCH AND DEVELOPMENT

1988 appropriation	$186,350,000
1989 budget estimate	197,000,000
House allowance	199,382,000
Committee recommendation	197,000,000

PROGRAM DESCRIPTION

EPA's Research and Development Program is designed to produce the scientific knowledge and tools necessary to make decisions on regulating, preventing, and abating environmental pollution. The Agency's research and development efforts are conducted through contracts, grants, and agreements with universities, industries, other private commercial firms, nonprofit organizations, State and local government, and Federal agencies, as well as through work performed at EPA's 14 laboratories and various field stations.

The Research and Development Program encompasses activities such as determining the effects of pollutants on man, animals, aquatic life, plants, materials, and the general environment; research on the processes, such as dispersion, that affect pollution; the development of new and improved sampling and analytical methods and instruments for measuring pollutants; development, evaluation, and assessment of new and improved technologies for preventing and controlling pollution; and development of guidelines and research tools to improve the ability to perform risk assessments.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $197,000,000 for research and development. This is the same as the budget request, $2,382,000 below the House allowance, and represents an increase of $10,650,000 above the current budget.

The Committee does not concur with the House additions of $2,382,000 for multimedia research on pollution prevention and waste reduction; $2,000,000 for asbestos exposure studies; and $1,000,000 for global warming research. The Committee restores the House reduction of $3,000,000 for stratospheric ozone research.

The Committee is pleased to learn that EPA has recently moved to acknowledge the need for testing of pesticides for their adverse behavioral effects. In 1984, the National Academy of Sciences issued a report indicating that only a small proportion of chemicals have been tested for adverse health effects and documenting that testing for

neurobehavioral toxicity is a major national need. In order to implement such testing, the agency must have a data base to make informed scientific decisions. This kind of information comes from long-range research programs. The Committee urges that the EPA expand its extramural research on the noncarcinogenic effects of chemical exposure and encourages increased attention to health effects research of all kinds, including the adverse behavioral effects of exposure to a spectrum of chemical substances.

The Committee directs that $500,000 be allocated for the study of acid deposition in cumulus clouds to be conducted by the Center for Aerospace Science at the University of North Dakota from the Agency's research and development account. The UND Aerospace Center has had an active research program on cumulus clouds for several years. This analysis should focus on cumulus clouds and their effects on pollutant formation and acid deposition transport.

Within the funds provided, the Committee directs that $300,000 be utilized for continuing desert ecological studies on vegetation changes and their causes in the Great Basin of Oregon, Idaho, Utah, and California. The Committee believes that such long duration studies can contribute a significantly improved understanding of the implications of environmental changes on this significant multistate resource area. Such studies could lead to the establishment of a center for such research to serve this large geographical area. The Committee, therefore, directs the Agency to examine the possible benefits of the establishment of such a center approach to more efficiently and effectively addressing this regional requirement.

The Committee directs that the Agency undertake the third and final phase of the Kanawha Valley health effects study. This $450,000 study is sponsored by the National Institute for Chemical Studies and should be conducted within available funds.

The Committee is concerned that EPA is not funding any research on the role that atmospheric deposition plays in coastal water pollution. An analysis prepared by the environmental defense fund points to a connection between atmospheric nitrate deposition and elevated levels of nitrogen in coastal waters. High levels of nitrogen in coastal waters cause excessive growth of algae. Loss of oxygen and light to the water and long-term decline of marine life. The Committee requests that the Agency provide the Committee by June 1, 1989, with a plan to research and monitor the role of atmospheric deposition in coastal waters. The plan should include a program to monitor atmospheric deposition in the Chesapeake Bay, the New York Bight, and a select number of other coastal areas.

Furthermore, the Committee believes that EPA should expand its atmospheric deposition research and development effort into determining the ecological health of important landscape ecosystems within the United States. Such a program should indicate status and trends of ecosystem resources, as well as levels and trends of chemical pollutants to which these ecosystems are exposed.

ABATEMENT, CONTROL, AND COMPLIANCE

1988 appropriation	$606,192,000
1989 budget estimate	624,000,000
House allowance	727,500,000
Committee recommendation	708,750,000

PROGRAM DESCRIPTION

The Agency's abatement and control effort includes the development of environmental standards; monitoring and surveillance of pollution conditions; grant support for State and local water quality pollution control planning; direct Federal pollution control planning; grant support for State, regional, and local pollution control programs; technical assistance to pollution control agencies and organizations; preparation of environmental impact statements; and assistance to Federal agencies in complying with environmental standards and insuring that their activities have minimal environmental impact.

The compliance activity at EPA—formerly called enforcement under the old appropriation account structure—encompasses the areas of air and water pollution control, drinking water, pesticides, hazardous waste, and toxic substances. A major part of the Agency's compliance effort involves support of, or cooperation with, State and local enforcement programs, such as enforcement of air quality standards, navigable and interstate water quality standards, issuance of pollution discharge permits, and issuance of hazardous waste permits and compliance monitoring. Notices of violation, abatement orders, enforcement conferences, civil and criminal court actions, and, in the case of pesticides, recalls and seizures, are used by the Agency as tools to implement its enforcement responsibilities.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $708,750,000 for these activities. This is an increase of $84,750,000 over the budget request, a decrease of $18,750,000 below the House allowance, and an increase of $102,558,000 above the current appropriation level.

The Committee recommends the following adjustments to the administration's request:

+$40,000,000 for asbestos in schools, in lieu of the House increase of $65,000,000. Bill language has been included to make $2,500,000 available for the Agency's administrative expenses including $100,000 as a grant for training minority contractors in asbestos abatement and disposal. This limitation is an increase of $1,000,000 over the House recommendation.

+$10,000,000 for global climate studies, in lieu of the House increase of $4,000,000, to support the development of more reliable estimates of total emissions of all greenhouse gases and of the trends of such emissions, clarify the impacts of climate change and evaluate the range of response and policy options, as required of the Agency by the Global Climate Protection Act.

+$8,000,000 for stratospheric ozone protection, in lieu of the House increase of $4,000,000, to provide analytic support to accelerate the 1989 assessment of the Montreal protocol, including means of encouraging recycling, the transition to substitutes, and greater international cooperation. The Committee recommends that EPA work with the university community in determining remediation strategies for stratospheric ozone depletion and the greenhouse effect.

+$10,000,000 for the Clean Lakes Program.

+$2,500,000 for a Eurasian milfoil demonstration control program at Lake Bomoseen, VT as well as Greenwood Lake and Belcher Creek, Deal Lake, and Alcyon Lake in New Jersey, as authorized by section 315(b) of the Water Quality Act.

+$5,000,000 for the Great Lakes National Program Office.

+$1,000,000 for the Chesapeake Bay program including $600,000 for studying toxic pollutants in surface water.

+$900,000 to establish regional radon training centers. The Committee believes the Agency needs to expand its program to disseminate radon information to State and local officials, professional and private firms, and the public. The Committee has provided funds for EPA to make grants to institutions of higher learning to establish three regional radon training centers to provide up-to-date training and technology transfer to State and local officials and professional and private firms in radon testing and mitigation. These centers should be based on the model of the highly successful regional asbestos training centers. The Agency should select recipients of grants based on the seriousness of the radon problem in the region and the demonstrated expertise of the applicants in radon-related issues and training and information dissemination activities.

+$600,000 to establish a radon mitigation contractor proficiency program, in lieu of the House increase of $2,000,000. This program should be designed to provide the public with information on firms or individuals that can reliably construct and implement measures to reduce radon levels.

+$975,000 for potential revisions of subpart B of 40 CFR part 191 relating to criteria, standards, and guidelines for the disposal of high-level and transuranic radioactive wastes.

+$250,000 for the continuation of a study of the health and safety effects of pesticides on farm workers. The Committee recognizes that of all segments of the U.S. population exposed to the health hazards of pesticides, farm workers and their children are the most deeply affected. Yet there are no reliable data that characterize the health status of this group of workers, nor are there data examining the impact of exposure to pesticides on this segment of the population. This important information should be collected and analyzed. The Agency is currently developing a plan for a study that would monitor farm worker exposure. The Agency should approach the study with a goal of examining the prevalence of pesticide poisoning in selected representative geographic areas and a longitudinal followup with

biological monitoring over time with appropriate subsets of the population sample.

+$450,000 for the International Activities Office for workshops to provide technical assistance to developing countries on pesticide regulatory process and procedures. The Committee agrees that no more than 10 percent of such funds shall be used, at the discretion of the Administrator, to provide financial assistance for representatives of nongovernmental organizations invited to participate in and observe such activities.

+$100,000 to the pesticide enforcement grant program. The Committee recognizes that States are being asked to conduct an increasingly larger proportion of the regulatory activities concerning the health and safety of pesticides. Additionally, the EPA Administrator has decided to allocate funds currently distributed through the regional offices for State enforcement through the Administrator's office for special projects only. Some States will get less funding. These States are likely to be smaller States that may not have facilities and personnel to conduct special projects. In recognition of this problem, the Committee directs the Agency to provide a minimum enforcement grant of $90,000 for each of the 50 States. The Committee does not challenge the decision of the Administrator to change the purpose or mechanism of the discretionary funds, but does intend that EPA address the likely funding shortfall for smaller States. The Committee directs the Agency to use the additional funding appropriated to ensure that each State receives at least $90,000 in enforcement funds and does not intend to affect the State grant formula.

−$6,725,000 from pesticide storage and disposal, instead of the House reduction of $7,000,000.

The Committee concurs with the following House increases in the administration's request:

+$3,000,000 for drinking water technical assistance including $2,700,000 for the National Rural Water Assocation to provide drinking water technical assistance to States to correct noncompliance problems and $300,000 for the Rural Community Assistance Program grants to assist rural communities in meeting compliance standards under the Safe Drinking Water Act.

+$6,000,000 for section 106 water quality grants to States.

+$2,000,000 for the pesticide/groundwater study.

+$700,000 for a National Academy of Sciences study on global climate change.

The Committee does not concur with the following House additions:

+$2,500,000 for the Center for Environmental Management.

+$4,000,000 to continue integrated training and technical assistance State grants to provide incentives for waste minimization and support the clearinghouse.

+$2,000,000 for underground injection control State grants.

+$1,000,000 for wastewater treatment operator training.
+$2,000,000 for academic training.
+$2,400,000 for expanded emissions factor testing.
+$1,000,000 for controlling sources of contamination of the Spokane aquifer.
+$8,500,000 for additional air quality grants including $5,000,000 for section 105 State grants; $3,000,000 to support the cooperative ozone modeling effort for the San Joaquin Valley; $250,000 for regional air quality planning agencies; and $250,000 for equipment, maintenance, and operating expenses for monitoring air emissions in the El Paso-Juarez airshed.

The Committee directs the Agency to spend $300,000 in section 105 air grants to support a high-altitude vehicle testing laboratory in Denver, CO. The data will determine whether cars and trucks perform differently at high altitudes in order that the Agency may identify vehicle classes that should be recalled pursuant to section 207(c) of the Clean Air Act to ensure that the vehicles comply with applicable emissions standards. The Committee understands that the State of Colorado will contribute $250,000 to this effort.

The Committee recognizes the need to place a greater priority on preventing contamination of the Nation's ground-water in order to reduce future treatment and cleanup costs. The Committee urges the Agency to encourage States to use existing funds under the Safe Drinking Water Act and the Clean Water Act, particularly the State revolving loan fund and the Governors discretionary fund under the Clean Water Act, to develop programs to protect the wellhead areas surrounding public drinking water supplies.

The Committee reaffirms its support for the Senior Environmental Employment [SEE] Program and calls upon EPA to utilize this valuable resource in other program areas. Additionally, the Committee strongly urges EPA to make greater use of SEE enrollees for the Asbestos Hazard Emergency Response Act initiative and Superfund activities.

The Committee urges the Agency to expedite efforts to better define environmental indicators in each of the media programs in order to better measure the progress the Agency is making in accomplishing its mandates. The Committee supports the Agency's efforts to pursue a cross-media approach in achieving its goals.

BUILDINGS AND FACILITIES

1988 appropriation	$23,500,000
1989 budget estimate	8,000,000
House allowance	8,000,000
Committee recommendation	8,000,000

PROGRAM DESCRIPTION

The appropriation for buildings and facilities at EPA covers the necessary repairs and improvements to existing installations which are used by the Agency. This appropriation also covers new construction projects when appropriate.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $8,000,000 for buildings and facilities in fiscal year 1989. This is the same as the administration's request and the House allowance.

HAZARDOUS SUBSTANCE SUPERFUND

1988 appropriation	$1,128,000,000
1989 budget estimate	1,600,000,000
House allowance	1,425,000,000
Committee recommendation	1,525,000,000

PROGRAM DESCRIPTION

On October 17, 1986, Congress amended the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 [CERCLA] through the Superfund Amendments and Reauthorization Act [SARA] of 1986. SARA reauthorized and expanded the Hazardous Substance Superfund to address the problems of uncontrolled hazardous waste sites and spills. Specifically, the legislation mandates that EPA: (1) provide emergency response to hazardous waste spills; (2) take emergency action at hazardous waste sites that pose an imminent hazard to public health or environmentally sensitive ecosystems; (3) engage in long-term planning, remedial design, and construction to clean up hazardous waste sites where no financially responsible party can be found; (4) take enforcement actions to require responsible private parties to clean up hazardous waste sites; and (5) take enforcement actions to recover costs where the fund has been used for cleanup.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $1,525,000,000 for the Superfund Program, which is $100,000,000 more than the House provided, $75,000,000 less than the administration's request, and an increase of $397,000,000 over the current Superfund budget. Combined with an estimated carryover of $100,000,000, this level of funding will provide a Superfund cleanup budget of $1,625,000,000.

Bill language has been included making $239,000,000 available from the general fund as authorized under the Superfund Amendments and Reauthorization Act.

The Committee recommends deletion of language from the House-passed bill relating to the use of the fund for natural resource damage claims. This language is unnecessary in light of relevant provisions in the authorizing legislation.

The Committee recommends a general reduction of $75,000,000 from hazardous substance response actions, to be taken at the Agency's discretion. The Committee recommends the restoration of all specific House reductions, which total $175,000,000.

The Committee concurs with the House increase of $6,000,000 for the National Institute of Environmental Health Sciences for basic research grants and $1,500,000 and 25 FTE for the Agency for Toxic Substances and Disease Registry. The Committee concurs with the House in limiting the number of chemical toxicity profiles to 40 instead of 65 in order to assure the quality of the profiles. The Committee recommends the deletion of all other House additions including $1,500,000 for the Gulf Coast Research Center.

The Committee directs the Agency to provide at least $500,000 in grants for training small and minority contractors in the emerging and expanding hazardous substance cleanup areas.

The Committee notes that the reauthorization of Superfund in the 99th Congress directed EPA to reevaluate the method by which it identifies hazardous waste sites as eligible for remedial funding under Superfund. Under the so-called Mitre-model, currently employed by EPA, the contamination of ground water qualifies a site only if that ground water is currently to be used as drinking water. Contamination of surface and ground water not used for drinking water does not qualify a site even though this contamination may create enormous environmental consequences including devastation to fish and aquatic plant life. It is precisely because of such consequences that EPA was directed to reevaluate the structure of the Mitre-model.

The Committee is aware that EPA has now completed this evaluation. The Committee further understands that the revised hazardous ranking system [HRS] provides for consideration of a much more comprehensive set of health and environmental impacts and is designed to address health threats due to contamination of the food chain and exposures resulting from recreation in contaminated waters. EPA's revised approach is currently being reviewed by OMB. The Committee anticipates that OMB will give its prompt assent to EPA's revised approach, and that EPA will expeditiously begin reevaluation of the eligibility of Superfund sites in accordance with its new criteria.

The Committee is disturbed to note that in the Superfund Program the time to complete the remedial investigation/feasibility study [RI/FS] phase of the cleanup process is, in general, too long. The Committee urges that the Agency make every attempt to complete this phase in an average of 18 months. The Committee is pleased that the Agency is placing a greater emphasis on private party cleanups and encourages this effort.

The Committee emphasizes that EPA's designation of 1989 funding should be consistent with the primary goals of accomplishing greater numbers of better and more efficient cleanups. The Agency is directed to utilize and fund appropriate approaches, including (1) Improving the quality of the Superfund work force through training institutions and

multiyear employment contracts; (2) designing such training institutes to emphasize contracts management, legal training, and site management; (3) backing up site managers with other regional staff and keeping caseloads manageable; (4) using rigorous deadlines and incentives for cleanup contractors; (5) budgeting for particular projects only those resources reasonably necessary to meet deadlines; (6) evenly distributing Records of Decision throughout the fiscal year; (7) enhancing the technical assistance grants regulation to assure expeditious and simplified procedures, including effective matching funds waivers, that afford prompt disbursement of grants; (8) setting aside Fund money in the event that settlement negotiations fail; (9) pushing for more specialization and thorough case development by regional legal staff; (10) pushing ahead with a more competitive, efficient contracting system, as well as assuring that States using Fund money do the same; (11) assuring that regions do not fail to allocate needed funds due to regional inefficiencies in moving work along; (12) not allowing quotas for completing cleanup work to result in avoiding complex or threatening sites; (13) streamlining RI/FS's through enhanced site investigations and model or generic feasibility studies; (14) initiating actual cleanup sooner by integrating cleanup activity into the RI/FS process in a manner consistent with and supportive of the long-term remedy; (15) aggressively pursuing cost recovery and using all administrative, civil, and criminal tools as well as establishing better enforcement consistency among the regions; (16) exploring the use of legal expediters in the regions and headquarters to streamline the enforcement process; and (17) enhancing the remedial program through a nationally consistent approach to cleanups, which includes substantiation of the effectiveness of cleanup technologies prior to remedy selection.

LEAKING UNDERGROUND STORAGE TANK TRUST FUND

1988 appropriation	$14,400,000
1989 budget estimate	50,000,000
House allowance	50,000,000
Committee recommendation	50,000,000

PROGRAM DESCRIPTION

Subtitle I of the Solid Waste Disposal Act as amended by the Superfund Amendments and Reauthorization Act of 1986 [SARA] authorizes the establishment of a response program for cleanup of releases from leaking underground storage tanks that contain petroleum. Owners and operators of facilities with underground storage tanks have the initial responsibility for cleanup, and once regulations are in place, must maintain evidence of financial responsibility. The Leaking Underground Storage Tank [LUST] Trust Fund provides supplemental cleanup capabilities and may also be used to enforce necessary corrective action and to recover costs expended from the fund. The Agency's objective is to implement the LUST response program primarily through cooperative agreements with States.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $50,000,000 for leaking underground storage tank funds, which is the same as the House allowance and the budget estimate.

CONSTRUCTION GRANTS

1988 appropriation	$2,304,000,000
1989 budget estimate	1,500,000,000
House allowance	1,950,000,000
Committee recommendation	2,100,000,000

PROGRAM DESCRIPTION

The long-range goal of the construction grants program is to eliminate the municipal discharge of untreated or inadequately treated pollutants and thereby help restore or maintain the quality of the Nation's waters and protect the health and well-being of the people. A more immediate goal is to facilitate maximum compliance with the secondary treatment requirement deadline in the national municipal policy of July 1, 1988. This program provides grants to municipal and intermunicipal agencies to assist in financing the construction of cost-effective and environmentally sound municipal wastewater treatment facilities. In addition, the program provides funds to assist delegated States in carrying out their responsibilities to manage the construction grants program and to assist them in carrying out other water quality management programs.

With enactment of the 1987 amendments, prior to the allotment of 1989 funds to the States, 1½ percent of the appropriation is reserved for marine CSO projects and the national estuary program, and one-half of 1 percent is reserved to fund the wastewater treatment needs of Indian tribes. Each State may reserve 4 percent of its allotment to manage its delegated construction grant activities, 1 percent of its authorized allotment for water quality management planning, and 1 percent of its allotment to develop and implement a nonpoint source control program. The act also requires that each State set aside between 4 and 7½ percent of its allotment to provide financial incentives to communities to use innovative and alternative technologies in constructing their wastewater treatment facilities; it also permits States having substantial rural populations to set aside between 4 and 7½ percent of their funds for projects in small communities. All grants for assisting in the development and construction of wastewater treatment facilities are to be awarded on the basis of a State's priority system, which is designed to insure improved water quality.

Grants for the construction of eligible wastewater treatment facilities are provided to communities that have completed facility planning and design, and an allowance for planning/design work is included in the grant. Provision is also made for advances to enable small communities, otherwise unable to finance such activities, to plan and design projects.

The goal of the State management assistance grant program under secton 205(g) is to allow the States, rather than EPA, to assume responsibility for day-to-day management of construction grants and other priority programs, and under section 205(j)(1) to provide essential support to water quality management planning. The 1987 amendments added a new set-aside, section 205(j)(5), to be used by States to develop and implement nonpoint source control programs. The primary goal for use of section 205(g) funds has been early achievement of maximum delegation of construction grants project management to States. The timing and extent of delegation and financial support to each State depends on the State's ability to operate a construction grant program that meets statutory objectives and requirements and EPA policy. A grant is provided to a State when it can show that it is able to exercise effective management for a substantial portion of program activities.

The 1987 amendments authorized funds to foster the creation of State revolving fund [SRF] programs to provide below-market interest rate loans and other forms of nongrant assistance to communities for the construction of wastewater treatment facilities. Capitalization grants may be awarded by EPA to States with EPA-approved SRF programs, beginning in fiscal year 1987. Ultimately (by fiscal year 1991), the SRF program will completely replace the construction grants program.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $2,100,000,000 for sewage treatment construction grants to be divided equally between construction grants authorized by title II of the Federal Water Pollution Control Act, as amended, and State water pollution control revolving fund payments authorized by title VI of the Federal Water Pollution Control Act. This is an increase of $600,000,000 over the administration's request; $150,000,000 over the House recommendation; and a decrease of $204,000,000 below the current construction grants budget.

The Committee recommends the deletion of the House additions of $22,000,000 for the Des Moines, IA, wastewater treatment plant, $27,000,000 for a defensive collection and conveyance system for wastewater emanating from Tijuana, Mexico, $30,000,000 for cleanup of Boston Harbor, and $3,000,000 for Oakwood/Redhook utility relocation costs.

At the request of the chief executive of American Samoa, Commonwealth of the Northern Mariana Islands, Guam, Republic of the Marshall Islands, Federated States of Micronesia, the Trust Territory of Palau (or its successor entity), or the Virgin Islands, and at the request of the Mayor of the District of Columbia, funds authorized under section 607 of the Federal Water Pollution Control Act, as amended, for capitalization grants to such entities for establishment of water pollution control revolving funds may be treated as though they were authorized under section 207 of the Federal Water Pollution Control Act, as amended.

ADMINSTRATIVE PROVISION

The Committee inserts language permitting EPA to collect up to $30,000,000 in authorized fees, with the receipts to be deposited in a special fund in the Treasury reserved for environmental programs, to be available subject to subsequent appropriations. Examples of fees included in this provision are: quality assurance mandatory services and materials, pesticide registration, premanufacture notices, ocean disposal, and other fees for activities authorized by the statutes administered by EPA. The Committee wants to make clear that this provision is not intended to affect any existing authority to credit EPA appropriations with fee receipts.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

1988 appropriation	$826,000
1989 budget estimate	870,000
House allowance	870,000
Committee recommendation	850,000

PROGRAM DESCRIPTION

The Council on Environmental Quality/Office of Environmental Quality was established by the National Environmental Policy Act [NEPA] and the Environmental Quality Improvement Act of 1970 and is located within the Executive Office of the President. The Council's principal responsibility is to provide the President and the Congress with timely and authoritative advice on key policy issues. In addition to providing policy advice, the Council is responsible for maintaining policy oversight of the Federal Government's implementation of NEPA. The Council is also charged with cochairing with EPA, the Interagency Toxic Substances Data Committee; serving as Executive Secretary of the Interagency Task Force on Acid Precipitation; overseeing implementation of environmental messages by the President; assisting and advising the President in preparing the annual environmental quality report to the Congress; and coordinating international environmental activities.

COMMITTEE RECOMMENDATION

The Committee recommends $850,000 for the Council on Environmental Quality. This is $20,000 less than the budget request and the House allowance but $24,000 more than the current appropriation.

The Committee recommends a reduction of $20,000 to be absorbed by holding work-years and/or data acquisition efforts to current levels.

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

1988 appropriation	$1,888,000
1989 budget estimate	1,787,000
House allowance	1,587,000
Committee recommendation	1,587,000

PROGRAM DESCRIPTION

The Office of Science and Technology Policy [OSTP] was created by the National Science and Technology Policy, Organization, and Priorities Act of 1976 (Public Law 94–282) and provides advice to the President concerning policies in science and technology and on the utilization of science and technology in addressing important national problems. OSTP also supports other organizations within the Executive Office of the President with regard to issues involving science and technology considerations; reviews and analyzes the research and development budgets and programs of the Federal Government, in concert with the Office of Management and Budget; coordinates research and development programs of the Federal Government; and fulfills other obligations, duties, functions, and activities mandated by the National Science and Technology Policy, Organization, and Priorities Act of 1976.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending an appropriation of $1,587,000 for OSTP, which is $200,000 less than the budget estimate and a decrease of $300,000 below the current budget.

The Committee does not concur with the House-passed bill in requiring that the cost of all detailees be reimbursed and, therefore, recommends the deletion of House language prohibiting the existing policy of providing for one-half the personnel compensation costs under this account.

The Committee continues to be disturbed by OSTP's lack of responsiveness to Committee requests and general indifference to the Committee's requirements. The Committee notes that a report regarding intiatives taken to work with the Soviet Union on a joint United States/Soviet Union nuclear winter study called for in Senate Report 100–192 is due on January 1, 1989, and expects this report to be submitted by that date.

FEDERAL EMERGENCY MANAGEMENT AGENCY

1988 appropriation	$632,337,000
1989 budget estimate	698,396,000
House allowance	733,932,000
Committee recommendation	658,712,000

The Committee recommends an appropriation of $658,712,000 for the Federal Emergency Management Agency [FEMA] in fiscal year 1989. This amount is $39,684,000 less than the budget estimate and $75,220,000 less than the House allowance.

GENERAL DESCRIPTION

FEMA is responsible for coordinating Federal efforts to anticipate, prepare for and respond to a spectrum of major civil emergencies. The Agency also works to assure the effectiveness of the National Civil Defense Program and the availability of civil defense systems and resources in coping with all manmade and natural disasters; consolidates the programs aimed at preventing and mitigating the effects of potential disasters with the programs designed to deal with the disasters once they occur; coordinates and plans for the emergency deployment of resources that are used on a routine basis by Federal agencies; and helps to coordinate preparedness programs with State and local governments, private industry, and voluntary organizations.

FEMA's budget submission describes several principal activities, including:

Civil defense.—This activity provides for the development of plans and functional emergency capabilities to mitigate, prepare for, respond to, and recover from attack-related emergencies, which creates the capability to respond to emergencies caused by natural and technological hazards. It has financial and technical assistance programs which support State and local organization requirements, and operating costs. Federal civil defense objectives and support are integrated with State and local emergency operational requirements, thereby enhancing overall emergency preparedness for all hazards. Under the administration's new civil defense policy, this activity places emphasis on ensuring a basic emergency response infrastructure with potential for rapid enhancement of capabilities when necessary (the surge concept). Included in this activity are preparedness programs that address functions including planning, warning, communications, direction and control, shelter, movement of people, and provision of food and medical resources. This activity also provides for development of training materials and training programs, and for research and development activities that provide the technical basis for national planning for such activities as population protection.

Earthquakes and other hazards.—This activity provides for the enhancement of Federal, State, and local governments' capability to prepare for, respond to and mitigate the impact of disasters and emergencies. Program activities include hazard analyses, needs assessments, technical guidance and financial support designed to assist State and local governments in developing a comprehensive approach to preparedness planning for natural and manmade emergencies.

Radiological emergency preparedness.—This activity is focused on improvement of Federal, State, and local planning for emergencies in areas surrounding nuclear power reactors and enhanced capabilities to cope with radiological accidents at fixed nuclear facilities, including commercial nuclear powerplants, and nuclear materials license holders. The activity provides assistance to State and local governments through the issuance of guidance, review and approval of plans, and evaluation of exercises.

Federal preparedness.—The goals of the Federal preparedness activity are to enhance Government readiness and capability in order that the Nation will be able to respond effectively and efficiently to peacetime or wartime national security emergencies and to enable government, at all levels, to cope with the consequences of accidental, natural, and man-caused occurrences.

Training and fire programs.—This activity prepares Federal, State, and local officials, their supporting staff, and volunteer organizations to meet the responsibilities and challenges of domestic emergencies through planning, mitigation, preparedness, response, and long-term recovery. Educational programs are provided through the Emergency Management Institute and the National Fire Academy. In fiscal year 1989, FEMA proposes to begin the first year of a 3-year phaseout of the Student Stipend Program which is part of a governmentwide policy to increase the State and local share of the cost of training their personnel. The U.S. Fire Administration provides a Federal focus on identifying problems with which the Nation's fire, rescue, and emergency medical services must deal, finding solutions to these problems, and supporting State and local fire protection and emergency services efforts. FEMA proposes to eliminate Federal funding for the Fire Prevention/Arson Control Program in fiscal year 1989.

Flood plain management.—This activity combines mapping, regulatory, and technical assistance to assist State and local governments in responding to known flood hazards and mitigating their effects through a comprehensive approach to managing the Nation's flood plains. FEMA proposes to fund this activity under the National Flood Insurance Fund in fiscal year 1988.

Flood insurance.—The National Flood Insurance Program makes insurance available to property owners in participating communities, in return for which communities are required to adopt flood plain management measures to protect lives and reduce property loss. The flood insurance mechanism allows individuals owning or buying property to insure buildings and contents against flood losses.

Crime insurance.—This program enables residents and businesses to purchase affordable insurance against burglary and robbery losses on properties that meet protective device requirements where such coverage is not available in the private market place. By law, the current authority for this program expires on September 30, 1989.

Disaster response and recovery.—The President's Disaster Relief Program supplements the efforts and available resources of State and local governments and voluntary relief organizations in responding to a major disaster or emergency, as defined in the Disaster Relief Act of 1974 (Public Law 93–288).

Emergency food and shelter.—This program provides grants to voluntary organizations at the local level and local units of government to supplement their programs for emergency food and shelter. Funds are awarded to a national board of voluntary organizations, chaired by FEMA, which makes awards to local boards on the basis of need.

DISASTER RELIEF

1988 appropriation	$120,000,000
1989 budget estimate	200,000,000
House allowance	200,000,000
Committee recommendation	125,000,000

PROGRAM DESCRIPTION

Federal disaster assistance is a nationwide program operated pursuant to the Disaster Relief Act of 1974 (Public Law 93–288). FEMA is authorized to provide Federal assistance to supplement the efforts and resources of State and local governments in response to major disasters and emergencies. Funds may be made available directly to a State or local government, or to other Federal agencies as reimbursement of expenditures in disaster relief work performed under this authority. In addition, a variety of other Federal assistance is coordinated under this program.

COMMITTEE RECOMMENDATION

The Committee recommends $125,000,000 for disaster relief assistance in fiscal year 1989. This is $75,000,000 less than the budget request and the House allowance. This level of funding is consistent with current year estimates to maintain current year funding.

The Committee notes that FEMA initially projected a carry-forward of $49,026,000 into fiscal year 1989 for disaster relief assistance. However, that estimate has been decreased to $30,000,000 based on prior-year obligations.

The availability of these funds, together with $50,000,000 in recoveries of prior-year obligations, should provide a sufficient amount to cover estimated disaster payments in fiscal year 1989.

SALARIES AND EXPENSES

1988 appropriation	$125,841,000
1989 budget estimate	135,602,000
House allowance	137,494,000
Committee recommendation	137,274,000

PROGRAM DESCRIPTION

The salaries and expenses appropriation comprises two activities:

1. *Program support.*—This activity provides for staff and supporting resources to administer the Agency's various programs at the headquarters, field, and regional levels. FEMA proposes to fund administrative support for the flood plain management and national flood insurance programs from the national flood insurance fund in fiscal year 1989.

2. *Management and administration.*—This activity provides staff and supporting resources for the general management and administration of the Agency in legal affairs, external affairs, personnel, financial management, and other central support functions, such as rent, utilities, ADP support services, and supplies.

COMMITTEE RECOMMENDATION

The Committee recommends $137,274,000 for salaries and expenses. This is $1,672,000 more than the budget request and $220,000 below the House allowance.

The Committee does not concur in the 20 FTE increase in the Radiological Emergency Preparedness Program proposed by the House. Instead, the Committee recommends an increase of 15 FTE.

The Committee concurs with the House in transferring $10,178,000 from the national flood insurance fund into salaries and expenses for the administrative costs of the insurance and flood plain management programs.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

1988 appropriation	$272,496,000
1989 budget estimate	282,794,000
House allowance	282,438,000
Committee recommendation	282,438,000

PROGRAM DESCRIPTION

The emergency management planning and assistance appropriation provides resources for the following activities which were described previously: civil defense, earthquake and other hazards, radiological emergency preparedness, Federal preparedness, training and fire programs, and flood plain management. FEMA proposes to fund the flood plain management activity under the National Flood Insurance Fund in fiscal year 1989.

COMMITTEE RECOMMENDATION

The Committee recommends $282,438,000 for emergency management planning and assistance. This is $356,000 below the budget request and the same as the House allowance. It is an increase of $9,942,000 above the 1988 level.

The Committee concurs with the House in recommending the following adjustments in the administration's budget request:

+$1,134,000 for student travel stipends. This increase will restore the proposed stipend reductions in the Emergency Management Institute, $312,000; and the National Fire Academy, $822,000. The funds requested for student travel stipends in the Civil Defense Training and Education Program were not reduced and FEMA is not to require additional cost sharing for these students.

+$1,000,000 for the Radiological Emergency Preparedness Program. This increase, together with the $4,081,000 requested, will continue the 1988 REP Program level of $5,081,000. The additional amounts provided in this account and the salaries and expenses appropriation will address actual funding necessary in this program.

+$3,000,000 for the United States Fire Administration's Fire Prevention and Arson Control Program. This increase will restore the Fire Prevention and Arson Control Program to the 1988 level of $3,000,000.

– $300,000 from the $600,000 increase requested for the Civil Defense Research Program. This recommendation will allow for a $300,000 increase above the 1988 level of $300,000 for this program.

– $1,450,000 from the $2,900,000 increase requested for the Civil Defense Population Protection Program. This recommendation will allow a $1,450,000 increase above the 1988 level of $11,393,000 for the population protection program.

The Committee proposes the following adjustments to the House-approved amounts:

+ $4,000,000 for State and local emergency management for emergency management assistance grants. This will make a total of $62,275,000 available in the State and Local Emergency Management Program.

– $445,000 for the Earthquake Program. The Committee concurs with the administration's budget request in this account.

– $65,000 for the Hurricane Program. The Committee concurs with the administration's budget request in this account.

– $500,000 from the $4,542,000 increase requested for the Radiological Defense Program. This increase would result in a $13,267,000 Radiological Defense Program in fiscal year 1989 compared to the $11,767,000 program proposed by the House and the $13,767,000 program proposed by the administration.

– $6,640,000 for State and Local Direction, Control, and Warning Program providing a total budget of $4,153,000 compared to $10,793,000 proposed by the administration and approved by the House.

– $1,600,000 for training and education. This is consistent with last year's appropriation and provides an increase of $1,715,000 for a total budget of $10,835,000 compared to the $12,435,000 budget proposed by the administration and approved by the House.

– $4,000,000 for telecommunications and warning. This provides an increase of $798,000 for a total budget of $17,675,000 for the Telecommunications and Warning Program compared to the $21,675,000 program proposed by the administration and approved by the House.

+ $5,000,000 for earthquake and other hazards, for section 305(a) grants authorized by the Superfund Amendments and Reauthorization Act, title III. Such grants should be issued without restrictions on the percentage of State training courses or personal services. The Committee directs FEMA to enhance its effort to implement title III and to assure that such efforts are coordinated with EPA.

The Committee does not concur with the House in a general decrease of $2,250,000 to be applied at the Agency's discretion to the civil defense (other than emergency management assistance grants) and Federal preparedness programs.

In view of the recently reached agreement in principle between New York State and the Long Island Lighting Co. [LILCO] under which the Shoreham Nuclear Power Plant will not operate, the Committee recommends that no further funds be expended in fiscal year 1989 for the planning or any further review of the utility's emergency evacuation plan or any other activities in connection with the utility's application for a license to operate the Shoreham plant unless or until it is finally determined that the transfer of Shoreham from LILCO to New York State will not occur. Furthermore, the Committee directs FEMA to consult with the Committee prior to any future action taken on Shoreham.

The Committee concurs with the House in transferring $43,200,000 from the national flood insurance fund for flood plain management activities.

FEMA STAFFING AT THE NATIONAL EMERGENCY TRAINING CENTER

The Committee is distressed about FEMA's failure to comply with report language included last year about staffing levels at the National Emergency Training Center in Emmitsburg, MD. The agreement which the Committee, the Maryland congressional delegation, and the Agency made, confirmed in the Director's September 24, 1987, letter to the Committee, was explicit in the staffing levels for the NETC. Despite the Committee's willingness to forgo bill language last year due to this agreement, the failure of FEMA to live up to its end of the agreement has prompted the Committee to include bill language this year.

This language, and the Committee's intent in approving it, requires FEMA to provide the following:

One, guarantee that an average of 140 full-time permanent duty-stationed employees are at the National Emergency Training Center [NETC] in fiscal year 1989. Until this staffing level is reached, FEMA shall report monthly to the Committee on its progress toward this goal. The first report shall be due August 1, 1988.

Two, fund positions for this staffing without counting those employees duty stationed at Emmitsburg who are: paid from the Superfund program, FEMA interns or FEMA employees detailed to the NETC for a period of less than 1 year in length.

Three, while the Agency is encouraged to increase staff at the NETC above the 140 positions set in the bill, they are not permitted to count positions funded from other than FEMA fire programs or the Emergency Management Institute.

Four, FEMA should take no further steps to fill positions in Washington, DC, for the Office of Training until the staffing floor is reached. Further, the Committee does not believe FEMA has provided sufficient rationale on how this new Office is integrating all aspects of training within the Agency as directed in last year's report. The Committee directs FEMA to take immediate steps to justify the costs associated with the creation of a separate Office of Training and provide the Committee with this rationale by October 1, 1988. In addition, the Committee expects FEMA to provide the proper information on this

matter in its fiscal year 1990 budget estimates. If no further responsibilities are to be integrated into the Office in the fiscal year 1990 budget, the Committee will seriously consider eliminating funds for the Office.

NATIONAL FLOOD INSURANCE FUND

PROGRAM DESCRIPTION

The National Flood Insurance Act of 1968, as amended, authorizes the Federal Government to provide flood insurance on a national basis. Flood insurance may be sold or continued in force only in communities which enact and enforce appropriate flood plain management measures. Communities must participate in the program within 1 year of the time they are identified as flood-prone in order to be eligible for flood insurance and some forms of Federal financial assistance for acquisition or construction purposes.

Under the Emergency Program, structures in identified flood-prone areas are eligible for limited amounts of coverage at subsidized insurance rates. Under the regular program, studies must be made of different flood risks in flood prone areas to establish actuarial premium rates. These rates are charged for insurance on new construction. Coverage is available on virtually all types of buildings and their contents in amounts up to $245,000 for residential and $550,000 for other types.

Financing.—The Administrator is authorized to borrow up to $1,000,000,000 to carry out the program. No appropriation is requested in 1989 to retire agency debt. The program is also financed through premium income.

Operating results.—Cumulative expenses are expected to exceed revenue and receipts from Federal and non-Federal sources by approximately $1,000,000,000 by the end of 1989. This cumulative deficit is financed through appropriations of $1,200,000,000.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in providing bill language transferring a total of $53,378,000 from the "Fund for flood program activities" to the "Salaries and expenses" appropriation ($10,178,000), and the "Emergency management planning and assistance" appropriation ($43,200,000). The total transferred to "Emergency management planning and assistance" includes $36,460,000 for "Flood studies and surveys," $4,020,000 for the Flood Hazard Reduction Program, and $2,720,000 for the section 1362 Purchase of Property Program.

EMERGENCY FOOD AND SHELTER

1988 appropriation	$114,000,000
1989 budget estimate	80,000,000
House allowance	114,000,000
Committee recommendation	114,000,000

PROGRAM DESCRIPTION

The Emergency Food and Shelter Program originated as a one-time emergency appropriation of $100,000,000 to combat the effects of high unemployment in the emergency jobs bill (Public Law 98–8) which was enacted in March 1983. It was authorized under title III of the Stewart B. McKinney Homeless Assistance Act of 1987, Public Law 100–77.

The program has been administered by a national board and the majority of the funding has been spent for providing temporary food and shelter for the homeless, participating organizations being restricted by legislation from spending more than 2 percent of the funding received for administrative costs. The administrative ceiling was increased to 5 percent under the McKinney Act.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending an appropriation of $114,000,000 for emergency food and shelter, an increase of $34,000,000 above the administration's request.

The Committee concurs with the House in approving bill language limiting administrative costs in 1989 to 3.5 percent. This limitation will provide $3,990,000 for the administrative costs of the program.

General Services Administration

CONSUMER INFORMATION CENTER

1988 appropriation	$1,279,000
1989 budget estimate	1,354,000
House allowance	1,354,000
Committee recommendation	1,354,000

PROGRAM DESCRIPTION

The Consumer Information Center [CIC] was established within the General Services Administration [GSA] by Executive order on October 26, 1970, to help Federal departments and agencies promote and distribute consumer information collected as a byproduct of the Government's program activities.

The CIC promotes greater public awareness of existing Federal publications through wide dissemination to the general public of the consumer information catalog. The catalog lists both sales and free publications available from the Government Printing Office [GPO] distribution facility in Pueblo, CO. In fiscal year 1987, the CIC distributed a total of 9.6 million publications. Distribution costs of the free publications are financed by reimbursements from the Federal agencies to the Consumer Information Center. Beginning in March 1983, the CIC began charging a user fee of $1 for two or more free publications ordered from the catalog.

Public Law 98–63, enacted July 30, 1983, established a revolving fund for the CIC. Under this fund, CIC activities are financed from the following: annual appropriations from the general funds of the Treasury,

reimbursements from agencies for distribution of publications, user fees collected from the public, and any other income incident to CIC activities. All are available as authorized in appropriation acts without regard to fiscal year limitations.

COMMITTEE RECOMMENDATION

The Committee recommends $1,354,000 in new budget authority for the Consumer Information Center. This is the same as the budget request and the House allowance, and represents an increase of $75,000 over the fiscal year 1988 budget.

This appropriation, augmented by user fees deposited in CIC's revolving fund, will support administrative expenses not to exceed $1,736,000. The bill also includes language limiting the availability of the revolving fund to an aggregate level of $5,200,000 in 1989. This amount is comprised of (1) the appropriation of $1,354,000, (2) prior years' unobligated balances of $127,000, (3) user fees from consumers of $350,000, (4) reimbursements from other Federal agencies of $3,000,000, and (5) other income incident to CIC activities of $369,000; all to be available without regard to fiscal year limitation. Any revenues accruing to this fund during 1989 in excess of $5,200,000 shall remain in the fund but not be available for expenditure except as authorized in appropriations acts.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF CONSUMER AFFAIRS

1988 appropriation	$1,670,000
1989 budget estimate	1,708,000
House allowance	1,708,000
Committee recommendation	1,708,000

PROGRAM DESCRIPTION

In accordance with Executive Order 11583 of February 24, 1971, the staff of the U.S. Office of Consumer Affairs assures that consumer needs and viewpoints are presented in the Federal Government, fosters consideration of consumer viewpoints by other Government agencies, voluntary groups and business, and seeks to inform and educate individual citizens to deal more effectively in the marketplace. The Director is also the Special Adviser to the President for Consumer Affairs.

Under Executive Order 12160 of September 26, 1979, the staff of the Office also provides administrative support to the Consumer Affairs Council. The functions of the Council are to provide leadership and coordination to insure that agency consumer programs are implemented effectively, to strive to maximize effort, promote efficiency and interagency cooperation, and to eliminate duplication and inconsistency among agency consumer programs.

COMMITTEE RECOMMENDATION

The Committee recommends $1,708,000 for activities of the Office of Consumer Affairs [OCA]. This is the same as the budget request and the House allowance, and $38,000 more than the current budget.

The Committee does not concur with the House directive that OCA provide at least $350,000 to maintain distribution of the Consumer's Resource Handbook and other publications through the Consumer Information Center at historical levels. The Committee recognizes that this directive would require OCA to reduce the total staff from 22 in 1988 to 20 in 1989, as well as curtail various programs and activities.

National Aeronautics and Space Administration

RESEARCH AND DEVELOPMENT

1988 appropriation	$3,274,200,000
1989 budget estimate	4,446,700,000
House allowance	4,191,700,000
Committee recommendation	3,552,800,000

PROGRAM DESCRIPTION

The objectives of the National Aeronautics and Space Administration's [NASA] program of research and development are to extend our knowledge of the Earth, its space environment, and the universe; to expand the practical applications of space technology; to develop, operate, and improve unmanned space vehicles; to provide technology for improving the performance of aeronautical vehicles while minimizing their environmental effects and energy consumption; and to assure continued development of the aeronautics and space technology necessary to accomplish national goals.

The appropriations request would continue funding for a permanently manned space station, including development work on the hardware components and supporting development activities such as systems engineering and integration, and the technical and management information system. Definition and preliminary design of the Flight Telerobotic System Program would also be continued.

Another major area of activity is space transportation capability development including efforts related to the spacelab, the upper stages that place satellites in high altitude orbits not attainable by the shuttle, the engineering and technical base, payload operations and support equipment, advanced programs study and evaluation efforts, the development of the United States/Italy tethered satellite system, and development of the orbital maneuvering vehicle. Funding is included to continue definition and preliminary design activities on the crew emergency return vehicle and the advanced launch system.

The space science and applications program utilizes space systems supported by airborne and ground-based observations to conduct scientific investigations of the Earth and its space environment, the Sun, the planets, interplanetary and interstellar space, and the other stars of our

galaxy and universe. Results from these investigations contribute to our understanding of the universe, including the key questions of life, matter, and energy. In addition, this program conducts the research and selected technology developments to encourage the practical application of space technologies to needs on Earth. Funding is included to initiate design and development activities on the advanced x-ray facility which will allow astronomers to view the universe with an unprecedented degree of sensitivity.

Commercial programs include the technology utilization and commercial use of space. The Technology Utilization Program is designed to facilitate the transfer of NASA developed technology to the nonaerospace sectors of the U.S. economy. The commercial use of space is designed to increase private sector awareness of the opportunities in space. Private industry will be encouraged to invest and participate in high technology research and development utilizing the unique characteristics of space.

The objective of the aeronautical research and technology program is to provide the broad technology base essential to the preservation of U.S. leadership in aviation. The objectives of the space research and technology program are to provide the technology base necessary to support current and future space activities and to formulate and advance technology options for the future. These activities emphasize the longer-range aspects of generic research and technology development which are crucial in maintaining future U.S. leadership. Funding is included to initiate Project Pathfinder, which will develop technology underlying potential future space missions beyond the Earth's orbit and provide the advanced technology to continue U.S. leadership in space.

The overall objective of the advanced systems program is to perform studies to ensure capability for tracking and data acquisitions, communications, and data processing support required by all NASA flight projects in accomplishing their mission objectives.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $3,552,800,000 for research and development activities. This amount is $893,900,000 less than the budget estimate and $638,900,000 less than the House allowance.

The Committee recommends $200,000,000 for the space station program, a reduction of $767,400,000 below the administration's budget request and $702,400,000 below the House allocation. The Committee understands that the cost of simply maintaining the current space station teams is approximately $50,000,000 per month and that very little, if any, real progress can be made at this level of funding. Therefore, the Committee suggests that the funds recommended be used to phase out the current station program and plan for a scaled-down effort or, in the alternative, to sustain a bare-bones organization through the early part of calendar 1989 when a new administration will be in a position to determine the future direction of the program.

The Committee notes that the House included language in the bill with the intent of delaying the availability of $450,000,000 in space station funds until April 15, 1989. These moneys would become available unless the President submitted a special message after February 1, 1989, notifying the Congress that such funds will not be made available for the Space Station Program. This language gives the next President the option of proceeding with the space station or terminating the current program.

The Committee concurs with the House in recommending the following further adjustments in the administration's budget request:

—$11,000,000 from the advanced x-ray astrophysics facility [AXAF]. This reduces funding for AXAF to $16,000,000 in the coming fiscal year. The Committee concurs with the House directive that these funds be used to begin work on a high-resolution mirror assembly technology development program. This effort should take approximately 3 years and, if successful, will lead to a development start for the AXAF spacecraft in fiscal year 1992. The Committee commends NASA for its willingness to take this segmented approach to the AXAF project as a means of avoiding the kind of technical interface problems that plagued the Hubble space telescope. The Committee does not object to the use of advanced technology development funds to support continued phase B prime work on the AXAF spacecraft as well as the utilization of research and analysis dollars to continue a similar effort on the instruments. The Committee would expect to provide initial instrument development funding in fiscal year 1990. The Committee also directs the preparation and transmittal of the mirror assembly effort reports requested on a semiannual schedule by the House Appropriations Committee.

—$60,000,000 from the $100,000,000 requested for the Pathfinder Program. While such technology development efforts are crucial to future civil space initiatives, current budgetary constraints make such prudent investments impossible. Within those funds which can be sustained in this environment, however, the Committee recommends that the agency concentrate its efforts in those areas, such as advanced energy conversion technologies, which provide the greatest long-term potential for manned space exploration of our solar system. Such systems as the Sterling space engine, will greatly enhance the viability and efficiency of anticipated developments in new power sources now being developed by the other Federal agencies. The Committee notes that a substantial portion of the funds requested would be used to continue support for projects previously funded under other programs and also suggests that the amount provided be distributed in such a way as to minimize the disruption that would be caused by the termination of ongoing NASA contracts.

—$35,000,000 from the $631,100,000 requested for space transportation capability development with the reduction to be taken at the agency's discretion.

−$15,800,000 from the $84,400,000 requested for the national aerospace plane under the transatmospheric research and technology budget element. This reduction would leave a total of $68,600,000 for the program in fiscal year 1989, an increase of $16,100,000 above the current level of funding.

−$35,000,000 from the civilian space technology initiative, leaving a total budget of $121,800,000, an increase of $6,600,000 above the current appropriation.

−$35,000,000 from the $101,400,000 requested for the global geospace science mission. The recommended reduction will leave $66,400,000 for this initiative, more than three times the $20,000,000 currently available.

−$10,000,000 from the $97,800,000 requested for the ocean topography experiment. The remaining $87,800,000 is $12,800,000 more than is currently being spent on the program.

+$76,000,000 for the advanced communications technology satellite [ACTS]. The Committee understands that this project can be completed for a total of $499,000,000 with an additional $76,000,000 in fiscal year 1990 and $34,000,000 in fiscal year 1991 being sufficient to fulfill all Federal funding requirements.

+$10,000,000 for upper stages, making a total of $156,200,000 available for this activity. The added funding is required for ACTS, which is scheduled to be launched from a space shuttle orbiter.

−$25,000,000 appropriated in fiscal year 1988 for an industrial space facility. Although the Committee believes such a facility would provide substantial support for microgravity research in the relatively near future (1992 or 1993) at a reasonable cost, the Committee recommends the rescission of the funds in view of a lack of support from the House and Senate authorizing committees. The Committee is hopeful that a 9-month study to be conducted by the National Academy of Sciences will clarify the value of such a facility and will lay the groundwork for a further consideration of this approach in fiscal year 1990. In the meantime, the Committee directs that no agency issue a request for proposal for a commercially developed space facility unless the authority for such a program is established by law.

Although the Committee concurs with the House in providing $5,000,000 for a new total ozone mapping spectrometer [TOMS], the Committee recommends an increase in the NASA budget to accommodate this initiative. The Committee believes that requiring NASA to support this project from available resources places an undesirable burden on the agency in view of the deep cuts the Committee is recommending elsewhere. The Committee notes that this project will make a substantial contribution to the solution of a serious environmental problem and joins the House in suggesting that TOMS be considered for a bilateral mission in view of its importance to the international environmental community.

The Committee proposes the following adjustments in the House-approved amounts:

+$5,000,000 for aeronautical research and technology, making a total of $409,200,000 available for this activity, a reduction of $5,000,000 below the budget request.

The Committee recognizes the importance of the general aviation rotary engine research initiative and directs that the fiscal year 1989 aeronautical research and technology base program provide the $3,100,000 requested to continue this valuable effort.

+$10,000,000 for planetary exploration, providing the full budget request of $404,000,000. The Committee is concerned over the potential impact the House cut could have on the Mars Observatory program.

+$10,000,000 for space telescope operations, maintenance, and refurbishment, making available the full budget request of $111,300,000. The Committee is concerned that the House reduction might hinder efforts to fund new power systems for the telescope, which currently faces a power shortfall.

+$10,000,000 for technology utilization, commercial programs, and information systems, restoring these budgets to the full amount requested by the administration. The Committee is pleased that NASA is going forward with its plans to continue support for the AdaNET project ($2,700,000) which is intended to transfer Ada software to the commercial sector, and to conduct a definition/design study for a National Technology Transfer Center [NTTC] in West Virginia ($1,200,000). Such a center would be a central facility for access to most Federal data bases in order to provide access for the commercial sector to technologies developed by Federal funding at a variety of Federal agencies. The AdaNET effort is being supported in its initial phase on a cost-sharing basis with the intent that it will become a self-supporting commercial organization by 1992. The NTTC definition is intended to develop a technical and cost plan, and a cost-sharing plan involving both Federal and non-Federal sources, which will lead to a self-sustaining operation in approximately 5 years.

+$13,100,000 for life sciences, providing a total of $89,800,000 rather than $101,700,000 as proposed by the administration and $76,700,000 recommended by the House.

+$10,000,000 for a scatterometer to provide essential measurements for understanding the role of the world's oceans in determining the global climate. Without these additional funds, which would bring the program up to the requested budget of $15,700,000, there is an excellent possibility that the project would have to be terminated.

The Committee recognizes the importance of research on the greenhouse effect and global climate change and considers NASA's work in this area an important part of the agency's future and central to its mission. NASA recently reported to Members of Congress that the 4

warmest years in the past 130 years have occurred in this decade. Detecting the actual signal of global temperature trends which exceed the variability of normal climatic conditions is critical to the Congress as it considers appropriate responses to the buildup of greenhouse gases. Therefore, of the total sums made available to the Environmental Observation Program, $2,000,000 is provided for the Goddard Institute for Space Studies for the continuation of its work on global change, including temperature trends. In addition, NASA jointly with NOAA should report to Congress by March 1, 1989, on the significance of recent global temperature trends.

Of the amounts provided for research and development activities, $1,000,000 is provided for curriculum development activities for grades K–9 by ongoing nonprofit organizations. The Committee recognizes the value of these activities and their importance to the future competitiveness of the United States and feels that it is appropriate to provide transitional support to help such activities become self-sustaining. The Committee understands that funds will be awarded through a competitive solicitation.

The Committee directs that $1,000,000 be made available for the purpose of providing staff support and other assistance to any commission established by law during the 100th Congress for the purpose of (1) preparing a strategy for cooperation between the Soviet Union and the United States on unmanned Mars projects in anticipation of a joint manned mission; (2) devising strategies for such cooperation that would prevent the unwanted transfer of technology; and (3) preparing a detailed proposal for a joint manned Mars mission with the Soviet Union. These funds are made available subject to final passage of legislation creating the Commission before the end of the current Congress. If such an authorization is not enacted, the funds may be reprogrammed into other activities.

SPACE FLIGHT, CONTROL AND DATA COMMUNICATIONS

1988 appropriation	$3,908,309,000
1989 budget estimate	4,841,200,000
House allowance	4,414,200,000
Committee recommendation	4,452,200,000

PROGRAM DESCRIPTION

The space flight, control and data communications appropriation provides for the production and operational activities for the space transportation system and the tracking, telemetry, command, and data acquisition support of all NASA flight projects.

Shuttle production and operational capability and space transportation operations are the key elements of the space transportation system that are contained within this appropriation. The shuttle production and capability development program provides for the national fleet of space shuttle orbiters including main engines, launch site and mission operational control requirements, initial structural and operational spares, production tooling, and related supporting activities. Funding is includ-

ed to begin the design and development of the advanced solid rocket motor and the hardware necessary to extend the on-orbit staytime of the Space Shuttle to 14 to 16 days, and for expendable launch services for selected space science and applications missions consistent with implementation of the mixed fleet concept.

The space tracking and data acquisition program provides vital tracking, telemetry, command, and data acquisition support for Earth-orbital spacecraft, planetary missions, sounding rockets, balloons, and research aircraft. This support is currently provided by a worldwide network of NASA ground stations, and by the first of a system of three tracking and data relay satellites in geosynchronous orbit working with a single highly specialized ground station. Work will continue on the replacement tracking and data relay satellite spacecraft for the one lost in the *Challenger* accident. Facilities are also provided to process into meaningful form the scientific, applications, and engineering data which are collected from flight projects.

COMMITTEE RECOMMENDATION

The Committee recommends $4,452,200,000 for space flight, control, and data communications activities. This is $389,000,000 less than the budget request and $38,000,000 more than the House allowance.

The Committee concurs in the following House changes in the administration's budget request:

—$205,000,000 from the $3,610,400,000 requested for the space transportation system, popularly known as the space shuttle. The Committee agrees with the House decision to allow NASA to withhold the $227,000,000 payment due the Federal Financing Bank for costs associated with the financing of the tracking and data relay satellite system [TDRSS] until the fourth quarter of fiscal year 1989. The restaging of the payment schedule will give NASA the flexibility to deal with unavoidable space shuttle operations cost burdens in the coming fiscal year. However, the Committee expects NASA to make every effort to live within the total recommended for the space shuttle in fiscal year 1989 without compromising the safety of the system.

—$90,000,000 from the $1,035,300,000 requested for tracking and data acquisition. The request includes $78,800,000 for a TDRSS replacement spacecraft and $70,000,000 for a second TDRSS ground terminal. The reduction may be taken in part from either of these programs and/or in other activities at the agency's discretion.

—$60,000,000 requested for a Titan III expendable launch vehicle [ELV] for a TDRSS launch. The Committee urges NASA to construct the shuttle manifest so as to assure the availability of the shuttle for this launch, thus avoiding the need for a backup expendable launch vehicle.

—$12,000,000 from the $51,000,000 requested for Delta II ELV's. This reduction is taken in conjunction with the $35,000,000 reduction in the funds requested for the global geospace science mission

under the "Research and development" account, which will reduce Delta II requirements.

−$5,000,000 from the $88,000,000 requested for the advanced solid rocket motor [ASRM]. The Committee concurs with the House in recommending the transfer of $27,000,000 of the total remaining to the construction of facilities account for any construction costs that may be incurred should a Government-owned/ contractor operated facility be chosen for ASRM production.

+$10,000,000 for an extended duration orbiter [EDO]. The Committee concurs with the House in directing that these funds be used for the development of an EDO which can stay in orbit for approximately 30 days.

The Committee proposes the following adjustments in the House-approved amounts:

+$15,000,000 for a Titan III backup ELV for the Mars Observatory mission, the full amount requested. This will give the agency the needed flexibility to assure that this important mission gets off the ground in 1992 in support of the International Space Year, as part of our new space cooperation agreement with the Soviet Union and, most importantly, to restore the United States role in Mars exploration. The Committee opposes any delay in the Mars Observer mission beyond its scheduled 1992 launch and attaches the utmost importance to keeping to this date.

+$23,000,000 for a Titan IV ELV to be available in 1991 as a backup for the Magellan, Galileo, and Ulysses planetary missions currently manifested on the shuttle. The Committee's action provides the full budget request of $43,000,000. The Committee believes that it is particularly important to proceed with this procurement in view of the constraints the recent explosion of an ammonium perchlorate plant in Nevada is expected to place on shuttle operations.

CONSTRUCTION OF FACILITIES

1988 appropriation	$178,272,000
1989 budget estimate	285,100,000
House allowance	270,100,000
Committee recommendation	270,100,000

PROGRAM DESCRIPTION

This appropriation provides for the contractual services for the design, repair, major rehabilitation, and modification of facilities; the construction of new facilities; minor construction; the purchase of land and equipment related to construction and modification; and advanced design related to facilities planned for future authorization.

COMMITTEE RECOMMENDATION

The Committee recommends $270,100,000 for the construction of facilities. This is $15,000,000 less than the budget request and the same as the House allowance.

The reduction includes a cut of $27,900,000 requested for space station facilities in view of the tenuous funding situation confronted by the space station as outlined in the "Research and development" account. This reduction is virtually offset by a transfer of $27,000,000 from the "Space flight" account for the construction of a Government-owned/contractor operated ASRM facility as explained under that account heading in this report. The Committee concurs with the House in recommending a general reduction of $14,100,000 and notes that even with these alterations, the appropriation for construction of facilities will have increased by $91,828,000 above the current level of funding.

RESEARCH AND PROGRAM MANAGEMENT

1988 appropriation	[1] $1,495,680,000
1989 budget estimate	1,915,000,000
House allowance	1,855,000,000
Committee recommendation	1,870,000,000

[1] Does not include transfer of $242,438,000 agreed to in conference on the 1988 Appropriations Act. The conferees indicated that the formal transfer of some institutional costs would be made in a future Appropriations Act.

The research and program management appropriation supports the performance and management of research, technology, and test activities at NASA installations, and the planning, management, and support of contractor research and development tasks necessary to meet the Nation's objectives in aeronautical and space research. Specifically, this appropriation provides the technical and management capability of the civil service staff needed to conduct the full range of programs for which NASA is responsible; maintains facilities and laboratories in a state of operational capability and manages their use in support of research and development programs; and provides technical and administrative support for the research and development programs at NASA.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $1,870,000,000 for research and program management. This is $45,000,000 less than the budget request and $15,000,000 above the House-approved amount.

The Committee recommends that a substantial portion of this reduction be taken in space station staffing in view of the recommended phasedown of this program. The Committee suggests that the remainder of the reduction can be taken from the $77,950,000 increase requested for travel and operation of installations.

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

	Direct loan limitation	*Administrative expenses*
1988 limitation	($600,000,000)	($813,000)
1989 budget estimate	(600,000,000)	(880,000)
House allowance	(600,000,000)	(880,000)
Committee recommendation	(600,000,000)	(880,000)

PROGRAM DESCRIPTION

The National Credit Union Administration [NCUA] Central Liquidity Facility [CLF] was created by the National Credit Union Central Liquidity Facility Act (Public Law 95–630) as a mixed-ownership Government corporation within the National Credit Union Administration. It is managed by the National Credit Union Administration Board and is owned by its member credit unions.

The purpose of the facility is to improve the general financial stabilty of credit unions by meeting their seasonal and emergency liquidity needs and thereby encourage savings, support consumer and mortgage lending, and provide basic financial resources to all segments of the economy. To become eligible for facility services, credit unions invest in the capital stock of the facility, and the facility uses the proceeds of such investments and the proceeds of borrowed funds to meet the liquidity needs of credit unions. The primary sources of funds for the facility are the stock subscriptions from credit unions and borrowings.

The facility may borrow funds from any source, with the amount of borrowing limited by Public Law 95–630 to 12 times the amount of subscribed capital stock and surplus.

Loans are available to meet short-term requirements for funds attributable to emergency outflows from managerial difficulties or local economic downturns. Seasonal credit is also provided to accommodate fluctuations caused by cyclical changes in such areas as agriculture, education, and retail business. Loans can also be made to offset protracted credit problems caused by factors such as regional economic decline.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending a limitation of $600,000,000 on the amount that may be borrowed from the public or any other source, except the Secretary of the Treasury, as proposed in the budget estimate.

The Committee is aware that the Community Development Revolving Loan Fund for credit unions, which received a 1979 appropriation of $6,000,000 and has a current balance of approximately $6,500,000, was transferred to the National Credit Union Administration in 1986. Since then, NCUA has prepared and published regulations for loan applications of up to $200,000 from credit unions that specifically serve low-income communities and for the provision of technical assistance to

such credit unions. Further, the Agency has modified these regulations in response to public comment, solicited and received eligible loan applications and requested an allotment from the Office of Management and Budget [OMB] to support $3,000,000 in direct loans to such applicants. It is the Committee's understanding that applicants, who expended significant resources in good faith in response to the Agency's solicitation have been advised that their applications will not be acted upon.

The Committee wishes to remind OMB that it has been 2 years since this program was transferred to its administration and no loans have yet been made. When Congress appropriated these funds 10 years ago, its intent was to ensure a revolving loan fund that would continue to help capitalize credit unions in some of the Nation's poorest urban and rural communities. The Congress did not anticipate such long periods of inactivitiy and such large fund balances. The Committee urges OMB to act promptly to allow NCUA to approve and make loans to qualifying applicants and to provide technical assistance to these and other credit unions which specifically serve low-income areas.

National Science Foundation

1988 appropriation	$1,717,000,000
1989 budget estimate	2,050,000,000
House allowance	1,885,000,000
Committee recommendation	1,880,000,000

GENERAL DESCRIPTION

The National Science Foundation [NSF] was established as an independent agency by the National Science Foundation Act of 1950 (Public Law 81-507) and is authorized to support basic and applied research, science and technology policy research, and related scientific and science and engineering education programs to promote the progress of science and engineering in the United States.

The Foundation supports fundamental and applied research in all major scientific and engineering disciplines, through grants, contracts, and other forms of assistance, such as cooperative agreements, awarded to more than 2,000 colleges and universities and to nonprofit organizations and other research organizations in all parts of the United States. The Foundation also encourages cooperative efforts by universities, industries, and Government.

NSF also supports major national and international science programs including the U.S. Antarctic Program and ocean drilling program.

Finally, the Foundation supports, through contracts, five national astronomy centers, and one national atmospheric research center. The centers provide telescopes and other facilities needed for advanced research. The six centers are: The National Radio Astronomy Observatory at Charlottesville, VA,, which also operates the very large array radio astronomy facility near Socorro, NM, and two single-dish telescopes at Green Bank, WV; the Kitt Peak National Observatory at Tucson, AZ;

the Cerro Tololo Inter-American Observatory in Chile; the National Astronomy and Ionosphere Center in Puerto Rico; the Sacramento Peak Observatory at Sunspot, NM; and the National Center for Atmospheric Research at Boulder, CO.

NSF is a leading Federal supporter of basic research at academic institutions. It is estimated that the Foundation provides approximately 25 percent of Federal support for basic research going to academic institutions. In some fields, NSF provides the dominant share of Federal basic research support, including almost 70 percent in ground-based astronomy, over 50 percent in environmental sciences, over 90 percent in environmental biology, over 50 percent in mathematics, and nearly 40 percent in engineering. The National Science Foundation operates no in-house laboratories. Except for administrative costs (approximately 5 percent) and operations support costs for the U.S. Antarctic Program (about 8 percent), over 99 percent of all Federal funds appropriated to NSF go directly to non-Federal performers of scientific and engineering research and science and engineering education activities.

RESEARCH AND RELATED ACTIVITIES

1988 appropriation	$1,453,000,000
1989 budget estimate	1,603,000,000
House allowance	1,578,000,000
Committee recommendation	1,593,000,000

GENERAL DESCRIPTION

The research and related activities appropriation provides support for the Foundation's science, engineering, policy, and international research programs and administrative expenses. Separate appropriations are made for the science and engineering education activities, science and technology centers, and the U.S. Antarctic Program.

The Foundation's discipline oriented research programs are subdivided into the following activities; mathematical and physical sciences; engineering; geosciences; biological, behavioral, and social sciences; and computer and information science and engineering. Scientific, technological, and international affairs is the other research and related activity within this appropriation.

In fiscal year 1989, the Foundation will maintain broad support across the mathematical and physical sciences, with special emphasis on the mathematical sciences and strong experimental capability in all fields. Balance will also be maintained among individual research projects, special equipment programs, university laboratories, and national user facilities in accordance with scientific requirements. Special emphasis is given to the mathematical sciences in order to correct serious deficiencies in the past. Support of graduate students and postdoctoral researchers, research instrumentation and equipment of all types will be stressed throughout, including a continuation of selected facility construction and upgrading. NSF also intends to give priority to support of materials chemistry, an initiative in cosmotology, and completing construction of the very long baseline array [VLBA] for radioastronomy.

The program for engineering in fiscal year 1989 will continue to expand basic and applied engineering research, with continuing emphasis on engineering research centers. Special emphases will include lightwave technology, biotechnology, manufacturing systems, and the establishment of an ocean engineering systems program.

The biological, behavioral, and social sciences activity will place particular research emphasis on the following in fiscal year 1989: Cross-disciplinary research in areas related to biotechnology; ecological sciences; application of powerful new techniques to the understanding of nervous system development; enhancement of risk assessment research; and provision of advanced research instrumentation, including multiuser equipment and computational resources.

In the geosciences program activity, NSF intends to give priority to basic atmospheric research on local weather, chemical processes in the atmosphere, and climate change; to Earth sciences related to earthquakes, and the structure and evolution of the continental crust; to ocean research related to oceanic crustal dynamics and chemistry; and to continuation of an Ocean Drilling Program. A major research focus in the global geosciences initiative is the goal of understanding how the Earth functions as a system of interrelated processes. Support is also included for the National Center for Atmospheric Research. Operation of university and oceanographic institution research ships will also be supported.

The computer and information science and engineering activity supports fundamental research in the computer and information science disciplines, and research on and provision of advanced computing and networking capabilities. Research programmatic topics supported in 1989 include the creation, representation, storage, transmission and transformation of information. Special attention is devoted to the computing and communications technologies employed to manage information processing, and to selected areas of application, such as automation, integrated electronic systems and scientific computing. The activity also supports national centers for advanced scientific computing, supplying to researchers of all disciplines the most advanced scientific computation facilities available to the academic research community. The activity's networking efforts build toward a national infrastructure for computer and human interaction and communication.

The scientific, technological, and international affairs activity supports programs which cut across scientific and engineering disciplines and across institutional and international boundaries to provide unique services to the science and technology community. Activities planned in fiscal year 1989 include programs that: support basic research by small businesses; enhance work of U.S. researchers by facilitating their cooperation with foreign scientists and increased support for work performed in Japan; provide research and analysis on public policy issues pertaining to science and technology; maintain comprehensive data bases on the Nation's science and engineering resources; and extend greater research opportunities to all segments of the scientific and engineering communities.

The program development and management activity provides for the operation, support management, and direction of all Foundation programs and activities and includes necessary funds to develop, manage, and coordinate NSF programs.

COMMITTEE RECOMMENDATION

The Committee recommends $1,593,000,000 for research and related activities. This is $10,000,000 less than the budget request and $15,000,000 more than the House allowance.

Although the amount provided represents an increase of $140,000,000, or almost 10 percent, above the current appropriation, the Committee has not recommended support for a $150,000,000 science and technology centers program that was proposed for funding under a separate account. This initiative would have provided full funding for up to 15 such centers for a 5-year period. In view of the budget strictures facing the Congress, the Committee concludes that it is inappropriate to initiate a program of this magnitude in fiscal year 1989. The funds provided should be used first and foremost to support the Foundation's basic research programs. However, the Foundation, to the extent consistent with this strategy, may award a limited number of science and technology center grants subject to the Committee's normal review through the 1989 operating plan submittal procedure.

The Committee does not concur with House report language earmarking funds for specific activities and programs. The Committee believes that specific earmarks interfere with the merit-based review process and expects this process to continue to be the basis for all awards made by the Foundation.

The Committee concurs with the House directive that ocean and astronomical sciences are to be maintained at the level requested in the President's budget.

Within the amount provided for ocean sciences, the Committee expects that up to $3,000,000 will be used to support enhanced research efforts in ocean engineering with a focus on the Pacific Basin.

The Committee notes that the President's astronomical sciences budget includes $12,000,000 for continued construction of the very long baseline array, an increase of $400,000 over the fiscal year 1988 budget. The Committee believes that this amount is the minimum necessary to sustain the construction contract and directs the NSF to move forward with this initiative as quickly as possible given existing budget pressures. The Committee also directs NSF to maintain staffing at the Green Bank, WV, observatory at current levels.

The Committee continues to be impressed with the results achieved by the five national supercomputing centers and expects the NSF to provide the full $54,000,000 requested in the administration's budget for the continued operation of the centers. However, the Committee concurs with bill language recommended by the House which would limit total funding for advanced scientific computing, networking, and communications research and infrastructure to $73,480,000, the amount of

the budget request. This limitation will allow the Foundation to sustain a balanced program of research support.

The Committee concurs with House-approved bill language denying any funding for a new NSF-sponsored facilities program. This language is necessary if the Foundation's existing research activities are to be maintained at adequate levels.

The Committee has deleted language contained in the House bill directing the Foundation to make $900,000 available only for the work of the International Institute for Applied Systems Analysis without prejudice. Although the Committee applauds the work of the Institute and expects the Foundation to continue to provide support, the Committee is reluctant to mandate the obligation of a specified amount for Institute activities at this point in time.

The Committee concurs with the House in deleting $5,000,000 from the $95,550,000 requested for program development and management with the reduction to be applied at the Foundation's discretion.

Finally, the Committee has included a provision in the bill prohibiting individuals from being paid through grants at a rate in excess of $100,000 a year. The Committee has learned that in some cases individuals are being paid at a rate of as much as $135,000 a year and feels that these funds can better be utilized in the support of instrumentation, graduate student involvement, and the many other activities that are such a vital part of the research enterprise.

The Committee notes that the U.S. Arctic research plan, developed in accordance with section 109 of the Arctic Research and Policy Act of 1984, devotes one of its three substantive chapters to a detailed discussion of the national need for Arctic research in the social and behavioral sciences. The plan concludes that although a strong need exists, social science research on Arctic topics suffers from low visibility and poor funding, which it attributes to the absence of a lead agency in this area.

The Committee concludes that it is time to act to fill this gap between national needs and capabilities, in the area of Arctic social sciences. NSF is the lead agency in implementing provisions of the Arctic Research and Policy Act, and has a mandate broad enough to encompass research in all the social and behavioral sciences. The Committee directs the NSF to acknowledge explicit responsibility in this area, and to develop a detailed plan for a broad-gauged program of research on Arctic topics in the social and behavioral sciences before the end of fiscal year 1989.

U.S. ANTARCTIC PROGRAM ACTIVITIES

1988 appropriation	$124,800,000
1989 budget estimate	141,000,000
House allowance	136,000,000
Committee recommendation	131,000,000

PROGRAM DESCRIPTION

The U.S. Antarctic Program supports the national goals of maintaining the Antarctic Treaty, ensuring the continent will continue to be used for peaceful purposes only, fostering cooperative research to contribute to the solution of regional and worldwide problems, and protecting the environment and achieving equitable and wise use of living and nonliving resources. This U.S. Antarctic Research Program continues to be the principal expression of national interest and policy in Antarctica.

In fiscal year 1989, the Foundation will continue to support research intended to increase knowledge of the Antarctic continent and surrounding oceans by developing an understanding of the Antarctic ice sheets and the Antarctic physical, biological, geological, meteorological, atmospheric, chemical, and oceanographic processes. Emphasis will be given to research in atmospheric sciences, marine ecosystems and nutrients, and ice sheet dynamics.

COMMITTEE RECOMMENDATION

The Committee recommends $131,000,000 for the U.S. Antarctic Program. This is $10,000,000 below the budget request and $5,000,000 less than the House allowance.

The Committee expects that at least $5,000,000 of the reduction in the budget request will be absorbed through a delay in the procurement of the icebreaking research vessel with the remainder to be taken at the Foundation's discretion. However, the Committee concurs with the House in directing that no portion of the reduction be taken from the proposed research program budget of $15,500,000.

The Committee has deleted without prejudice House-approved bill language prohibiting the lease, purchase, or lease with option to purchase of any icebreaking research vessel built in a foreign shipyard. However, the Committee is troubled by reports that the Foundation may lease and/or purchase a foreign-built vessel. According to a report recently released by the President's Commission on Merchant Marine and Defense, since 1982, 76 U.S. shipyards or ship repair facilities have closed and 52,000 Americans have, as a result, lost their jobs. These statistics make it clear that our shipyard industrial base is in perilous condition. For this reason, the Committee intends to follow the NSF icebreaker solicitation closely and will reconsider the advisability of adopting the House-approved "buy America" provision at a later point in the year.

SCIENCE AND ENGINEERING EDUCATION ACTIVITIES

1988 appropriation	$139,200,000
1989 budget estimate	156,000,000
House allowance	171,000,000
Committee recommendation	156,000,000

PROGRAM DESCRIPTION

The Foundation's Science and Engineering Education Program is designed to encourage the entrance of talented students into science and technology careers, to improve the undergraduate science and engineering education environment, and to assist in providing all precollege students with a level of education in mathematics, science, and technology that reflects the needs of the Nation and is the highest quality attained anywhere in the world.

Graduate research fellowships provide support for the Nation's most able students to undertake graduate study in science and engineering. Each fellowship in fiscal year 1989 will provide a student stipend of $12,300 per year and a yearly cost of education allowance of $6,000 to the fellow's chosen institution. In fiscal year 1988, the National Science Foundation awarded 760 new graduate fellowships of which 75 were minority graduate fellowships. It is expected that approximately 100 additional new fellowships will be provided in fiscal year 1989.

At the undergraduate level, support is provided for improvement of science laboratories at 2- and 4-year colleges through purchase of equipment and encouragement of equipment sharing arrangements. Matching requirements (50 percent) extend the impact of the program and serve in many cases to establish new partnerships between colleges and private sector organizations. In addition, other programs support special undergraduate faculty enhancement efforts, curriculum and course development and projects to address the underrepresentation of women, minorities, and the disabled in science and engineering.

The precollege programs are designed to enhance the status and professionalism of science and mathematics teaching as a career, encourage the development of cooperative relationships among all segments of society that can assist in the improvement of precollege science and mathematics education, encourage the development of quality instruction programs, incorporate the usage of computers and other new technologies, support research in teaching and learning, identify new ideas and exemplary approaches to the long-term problems of continuing science and mathematics teacher education, and encourage talented secondary school students to consider careers in science and engineering.

COMMITTEE RECOMMENDATION

The Committee recommends $156,000,000 for science and engineering education activities. This is the same as the budget request and $15,000,000 less than the House allowance.

The Committee recognizes the vital importance of maintaining a scientifically literate and technologically competitive work force but notes that the budget for the science and engineering education directorate will have increased by more than 75 percent over the past 2 years if the administration's budget request is approved, despite an increasingly hostile Federal budget climate. Consequently, the Committee reluctantly recommends against House increases of $10,000,000 over the President's request for teacher preparation and enhancement for the

preparation of secondary school science teachers and $5,000,000 to be allocated at the Foundation's discretion.

The Committee is concerned over recent reports indicating that textbooks and other teaching materials are less than adequate despite a substantial Federal investment in the creation of innovative science teaching tools. The Committee believes this may be accounted for in part by an institutional failure to objectively evaluate the strengths and weaknesses of teaching materials once they have been developed. Consequently, the Committee directs the NSF to forward a report to the Committee before January 1, 1989, setting forth the steps currently being taken to evaluate the quality of teaching materials and to promote the use of materials of superior quality. This report should also suggest what additional steps, if any, might be taken to improve the evaluation and distribution process.

Neighborhood Reinvestment Corporation

1988 appropriation	$18,720,000
1989 budget estimate	19,094,000
House allowance	19,094,000
Committee recommendation	19,494,000

PROGRAM DESCRIPTION

The Neighborhood Reinvestment Corporation was created by the Neighborhood Reinvestment Corporation Act (title VI of the Housing and Community Development Amendments of 1978, Public Law 95–557, Oct. 31, 1978). The Corporation, through the Neighborhood Housing Services [NHS] Apartment Improvement and Mutual Housing Association programs improves the quality of life in NHS neighborhoods for current residents, exerts a long-term stabilizing influence on the neighborhood business environment, reverses neighborhood decline and reduces the risks of doing business in the neighborhood. NHS programs have been positively impacting urban neighborhoods for several years. More recent experience is also demonstrating the success of this approach in rural communities—when given the availability of adequate resources.

In 1988, the Corporation plans to continue developing NHS and Mutual Housing Association programs in a limited number of additional cities; providing assistance to NHS programs, expanding to additional neighborhoods; and assisting local programs with designing and implementing the individual plans and strategies needed to accomplish their particular goals leading to the neighborhood becoming self-reliant. Ongoing technical services (training, internal systems analyses, interim staffing, et cetera) will continue to be provided to local programs to the extent that resources allow. The Corporation also plans to continue selecting neighborhood preservation projects for support, monitoring, and evaluation; and replicating promising strategies and mechanisms in other localities.

The Corporation also plans to continue providing, on a limited basis and subject to the availability of low-cost capital, resources to enable

NHS's to expand their services to tackle the specific issues standing in the way of realizing neighborhood goals and achieving neighborhood self-reliance. With these supplements, the NHS can address such elements as more distressed neighborhoods, lower-income households, a higher proportion of renters and apartment buildings, more blighted buildings, scattered vacant lots, decaying commercial strips, lack of availability of affordable housing, and other negative conditions. Program supplements include the multifamily housing strategies, problem properties strategies, housing development strategies, and the neighborhood economic development and commercial revitalization strategies.

The Corporation will continue to provide fundraising counseling to NHS programs throughout the country, utilizing the assistance of Neighborhood Housing Services of America [NHSA], a private, nonprofit, State chartered, tax exempt corporation established to give added private sector strength to NHS partnership organizations. NHSA provides fund-raising training seminars for NHS programs and direct fundraising counseling to NHS programs toward local, regional, and statewide fundraising goals. Additionally, NHSA is raising social investment capital in support of the NHS secondary market. Considerable progress has been made in the development of sound investment commitments. NHSA's capacity to keep pace with NHS secondary market needs with primary reliance on private, rather than Neighborhood Reinvestment, resources, however, is constrained by a difficult fundraising environment and an overriding need for local fundraising assistance.

The Corporation plans to expand the number of Mutual Housing Association developments, subject to availability of local and State capital grant resources.

COMMITTEE RECOMMENDATION

The Committee recommends $19,494,000 in new budget authority for the Corporation. This is $774,000 more than the Corporation's fiscal year 1988 enacted level and $400,000 more than the budget request and the House allowance.

The Committee remains highly supportive of the Federal-local-private partnership aspects of the Corporation in encouraging and enhancing community-based development and improvement efforts. Constraints on direct Federal financial assistance programs make more critical the success of entities such as the Neighborhood Development Corporation in generating novel and effective strategies to mobilize alternative resources in providing for community development. The Committee is hopeful that the proposed $400,000 increase in the budget request will allow the Corporation to more actively promote private-public partnerships.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

1988 appropriation	$25,459,000
1989 budget estimate	26,113,000
House allowance	26,313,000
Committee recommendation	26,113,000

PROGRAM DESCRIPTION

The Selective Service System was reestablished by the Selective Service Act of 1948. The basic mission of the System is to be prepared to supply to the Armed Forces manpower adequate to insure the security of the United States during a time of national emergency. Since 1973, the Armed Forces have relied on volunteers to fill military manpower requirements. However, the Selective Service System remains the primary vehicle by which men will be brought into the military through the reinstitution of the draft if mobilization occurs and if the legislative bar to reinstituting the draft is lifted.

Registration was reinstituted in July 1980. In January 1982, the President reaffirmed the need for young men to register with Selective Service in order to save critical time in mobilization during an emergency.

Registration improvement is an integral part of the Selective Service efforts to maintain high compliance percentages. Since the reinstitution of registration in July 1980, Selective Service has been faced with the need to reestablish public awareness of registration requirements and to perform this important task with limited personnel and only part-time staff at the State and local level. Currently, Selective Service has mounted a limited public information campaign designed to inform young men of their obligation to register and the consequences of not doing so. The Selective Service is utilizing its resources in continuing promotional activities to keep registration information in the public eye.

In an effort to identify young men who have not registered, Selective Service is carrying out a Compliance Program. Procedures have been developed for matching computerized records of registrants with those of the Social Security Administration, the Veterans' Administration, the Department of Education, and the department of motor vehicles within the various States and territories, and other agencies in the public and private sectors.

In December 1987, Selective Service was tasked by law (Public Law 100–180) to develop plans for a health care personnel delivery system capable of providing the necessary critically skilled medical personnel to the Armed Forces in time of war. Work on this task has commenced using very limited existing resources.

COMMITTEE RECOMMENDATION

The Committee recommends $26,113,000 for the Selective Service System. This is the same as the budget request and $200,000 less than the House allowance.

VETERANS ADMINISTRATION

COMPENSATION AND PENSIONS

1988 appropriation	$14,334,287,000
1989 budget estimate	14,759,100,000
House allowance	14,759,100,000
Committee recommendation	14,759,100,000

PROGRAM DESCRIPTION

Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. The amount of compensation is based upon the impact of disabilities on earning capacity. Death compensation or dependency and indemnity compensation is payable to the surviving spouses and dependents of veterans whose deaths occur while on active duty or result from service-connected disabilities. A clothing allowance may also be provided for service-connected veterans who use a prosthetic or orthopedic device.

The Veterans' Compensation Cost-of-Living Adjustment Act of 1987 (Public Law 100–227) increased both disability compensation for service-disabled veterans and dependency and indemnity compensation to surviving spouses and children by 4.2 percent, effective December 1, 1987, at a cost of $353,900,000 in 1988.

Pensions are an income security benefit payable to needy wartime veterans who are precluded from gainful employment due to nonservice connected disabilities which render them permanently and totally disabled. Veterans 65 years of age or older are considered permanently and totally disabled by law and are thus exempt from a medical evaluation. Death pensions are payable to needy surviving spouses and children of deceased wartime veterans. The rate payable for both disability and death pensions is determined on the basis of the annual income of the veteran or his survivors.

The Veterans and Survivors' Pension Improvement Act of 1978 (Public Law 95–588) reformed the Pension Program and provided for automatic annual cost-of-living increases comparable to annual Social Security increases for those pensioners in the improved program and to parents receiving dependency and indemnity compensation. The increase for fiscal year 1988 was 4.2 percent.

Legislation is being proposed to index compensation benefits to the annual change in the Consumer Price Index and fund the Veterans Mortgage Life Insurance Program in the veterans insurance and indemnities appropriation. Indexing compensation benefits to the Consumer Price Index would guarantee a full and timely cost-of-living adjustment to all compensation beneficiaries including DIC and children.

Currently, the Veterans Mortgage Life Insurance Program is funded in the compensation and pensions appropriation. It is proposed to fund this insurance program in the veterans insurance and indemnities appropriation. Enactment of this proposal would not alter either the operation or funding of this program.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $14,759,100,000 for compensation and pensions. This amount is the same as the budget estimate and the House allowance. The estimated caseload and costs by program for 1988 and 1989 are as follows:

	1988	1989	Difference
Caseload:			
Compensation:			
Veterans	2,202,200	2,185,200	-17,000
Survivors	325,733	322,687	-3,046
(Clothing allowance)	(60,400)	(60,000)	(-400)
Pensions:			
Veterans	617,900	596,600	-21,300
Survivors	610,700	563,800	-46,900
Vocational training	(440)	(440)	
Burial benefits	122,020	118,800	-3,220
Funds:			
Compensation:			
Veterans	$8,670,452,000	$8,573,718,000	-$96,734,000
Survivors	2,138,202,000	2,152,582,000	+14,380,000
Pensions:			
Veterans	2,540,528,000	2,567,556,000	+27,028,000
Survivors	1,314,046,000	1,296,994,000	-17,052,000
Vocational training	600,000	650,000	+50,000
Burial benefits	141,495,000	139,343,000	-2,152,000
Other assistance	5,393,000	5,457,000	+64,000
Unobligated balance and other adjustments	21,671,000	22,800,000	+1,129,000
Transfer to readjustment benefits	42,500,000		-42,500,000
Deficiencies	-540,600,000		+540,600,000
Total, appropriation	14,334,287,000	14,759,100,000	+424,813,000

The administration has again proposed dividing the compensation and pensions appropriation into three separate accounts: compensation, pensions and burial benefits, and miscellaneous assistance. The Committee has again disapproved this proposal and recommends $14,759,100,000 in a single compensation and pensions appropriation in fiscal year 1989.

READJUSTMENT BENEFITS

1988 appropriation	$808,200,000
1989 budget estimate	597,600,000
House allowance	597,600,000
Committee recommendation	597,600,000

PROGRAM DESCRIPTION

The readjustment benefits appropriation finances the education, and training of veterans and servicepersons whose service occurred at least in part, between February 1, 1955 and December 31, 1976, (post-Korean and Vietnam-era veterans). It also finances educational assistance allowances for eligible dependents of those veterans who died from service-connected causes or have a total permanent service-connected disability as well as dependents of servicepersons who were captured or

missing in action. Public Laws 98–525 and 100–48 provide educational assistance to veterans whose initial entry on active duty takes place after July 1, 1985. These benefits are included in the All-Volunteer Force Educational Assistance Program (new GI bill) authorized under 38 U.S.C. 30. Eligibility to receive this assistance began in 1987. Basic benefits are funded through appropriations made to the readjustment benefits appropriation. Supplemental benefits are also provided to certain veterans. These benefits are funded through transfers from the Department of Defense. This law also provides education assistance to certain members of the Selected Reserve. Reservists' training is funded through transfers from the Department of Defense and Department of Transportation.

COMMITTEE RECOMMENDATION

The Committee recommends $597,600,000 for readjustment benefits for fiscal year 1989. This is the same as the budget request and the House allowance.

The recommended amount is based on the following assumptions:

	1988	1989	Difference
Number of trainees:			
Education and training:			
Post-Korean conflict veterans and servicepersons	197,450	159,100	- 38,350
Dependents	43,100	38,300	- 4,800
All-Volunteer Force educational assistance:			
Veterans	19,400	41,500	+ 22,100
Reservists	136,000	185,300	+ 49,300
Special assistance to disabled veterans: Vocational rehabilitation	23,800	23,200	- 600
Total	419,750	447,400	+ 27,650
Funds:			
Education and training:			
Post-Korean conflict veterans and servicepersons	$412,210,000	$325,980,000	- $86,230,000
Dependents	103,042,000	91,596,000	- 11,446,000
All-Volunteer Force educational assistance:			
Veterans benefits	35,400,000	99,900,000	+ 64,500,000
Reservists benefits	116,700,000	159,000,000	+ 42,300,000
Special assistance to disabled veterans:			
Vocational rehabilitation	104,141,000	103,100,000	- 1,041,000
Housing grants	13,850,000	13,257,000	- 593,000
Automobiles and other conveyances	3,700,000	3,375,000	- 325,000
Adaptive equipment	11,459,000	10,892,000	- 567,000
Payment to contractors (debt collection)	480,000		- 480,000

	1988	1989	Difference
Funds—Continued			
Transfer to loan guaranty (net)	$157,500,000		-$157,500,000
Unobligated balances and other adjustments	-150,282,000	-$209,500,000	—59,218,000
Total appropriation	808,200,000	597,600,000	-210,600,000

VETERANS INSURANCE AND INDEMNITIES

1988 appropriation	$14,290,000
1989 budget estimate	9,220,000
House allowance	9,220,000
Committee recommendation	9,220,000

PROGRAM DESCRIPTION

The veterans insurance and indemnities appropriation is made up of the former appropriations for military and naval insurance, applicable to World War I veterans; National Service Life Insurance, applicable to certain World War II veterans; and Servicemen's indemnities, applicable to Korean conflict veterans. Legislation is being proposed funding the Veterans Mortgage Life Insurance Program within the veterans insurance and indemnities appropriation rather than the compensation and pensions appropriation. Enactment of this legislation proposal would not impact the operation of the mortgage insurance program.

COMMITTEE RECOMMENDATION

The Committee recommends $9,220,000 for veterans insurance and indemnities in fiscal year 1989. This is the same as the budget estimate and the House allowance. This will cover the cost to various insurance funds for claims traceable to the extra hazards of service and death claims on policies under waiver of premiums while the insured is on active duty.

MEDICAL CARE

1988 appropriation	$10,094,808,000
1989 budget estimate	10,327,546,000
House allowance	10,567,546,000
Committee recommendation	10,445,171,000

PROGRAM DESCRIPTION

The Veterans Administration [VA] operates the largest Federal medical care delivery system in the country, with 172 hospitals, 27 domiciliaries, 126 nursing homes, and 235 outpatient clinics. It is estimated that the VA medical care system will treat over 1.2 million patients in fiscal year 1989 and that approximately 23.1 million outpatient medical and dental visits will be made to VA and community health care facilities.

This appropriation provides for medical care and treatment of eligible beneficiaries in VA hospitals, nursing homes, domiciliary, and outpatient clinic facilities; contract hospitals; State home facilities, on a grant

basis; contract community nursing homes; and through the hometown outpatient program on a fee basis. Hospital and outpatient care also is provided for certain dependents and survivors of veterans under the Civilian Health and Medical Program of the VA [CHAMPVA]. The medical care appropriation also provides for training of medical residents and other personnel in health science fields to support the agency's and the Nation's health manpower demands.

COMMITTEE RECOMMENDATION

The Committee recommends $10,445,171,000 for the "Medical care" account. This is $117,625,000 more than the budget estimate, $350,363,000 above the fiscal year 1988 appropriation, and $122,375,000 less than the House allowance.

MEDICAL CARE

The Committee concurs with the House in recommending an increase of $82,625,000 above the budget request to maintain the current staffing level of 194,140. This increase includes the restoration of the proposed reduction of $4,700,000 and 79 full-time positions in the Readjustment Counseling Program. The additional resources will provide treatment for an estimated 13,000 inpatients and 67,000 outpatients above the 1,083,933 inpatients and 21,251,000 outpatients that would be supported with the funds requested in the budget. The Committee agrees with the House that hospital staffing should not be reduced, particularly in view of the growing demand for VA medical care on the part of aging veterans.

The Committee recommends the following increases in the budget request: $20,000,000 for special pay rates for nurses and other scarce medical specialties, and $5,000,000 for tuition assistance payments for nursing and other associated health care occupations. The House recommended $45,000,000 for special pay rates and $5,000,000 for tuition assistance payments.

The Committee recommends the deletion of the following House additions to the budget request: $60,000,000 for staffing above current levels; $42,375,000 for the anticipated 2 percent pay increase in 1989; and $5,000,000 for the Community-Based Residential Treatment Program for chronically mentally ill veterans. Bill language has been included assuring that the VA maintains the current services level of $13,252,000 in the Community-Based Residential Treatment Program for chronically mentally ill veterans.

The Committee recommends $5,000,000 for eight mobile clinics. This pilot program provides for the use of mobile vans to furnish health care in areas where veterans live at least 100 miles from the nearest VA facility.

The Committee is concerned about meeting the needs of veterans who suffer significant psychological problems related to their military service, combat duty in particular. In their recently released Vietnam experience study, the Centers for Disease Control found that about

450,000 Vietnam veterans have suffered from post-traumatic stress disorder [PTSD] of some severity from their service. The Committee recommends $5,000,000 for ongoing treatment of post-traumatic stress disorder. This increase should be used at the discretion of the VA to increase resources for the 13 existing inpatient PTSD treatment programs or to support the establishment of new programs that best meet the needs of veterans suffering from PTSD.

The Committee remains concerned, as expressed last year, about the lack of inpatient psychiatric services at the Huntington, WV, VA Medical Center. There is an increasing need for such services by World War II, Korean conflict, and Vietnam-era veterans in the primary service areas of the hospital. It was anticipated that beds for psychiatric care would not be available until 1992, when the new $47,500,000 clinical addition project would provide for renovation of vacated space to create a 30-bed psychiatric ward at the medical center. Consequently, the Committee urged that the Veterans Administration proceed toward working with the Department of Psychiatry at the Marshall University School of Medicine to activate a psychiatric inpatient bed service as soon as possible to serve psychiatric patients. In responding to these concerns, the VA has provided testimony indicating that the planned phasing of the construction of the new $47,500,000 clinical addition project at Huntington has been modified to move this renovation forward and it is now anticipated that the psychiatric ward could be opened in 1990. The Committee is encouraged by this response to its concerns and urges the VA to redouble its efforts to activate the psychatric ward as soon as possible.

For the last several years, the Committee has been expressing its concern about the continuing staffing deficiencies at the Huntington VA Medical Center. In responding to these concerns, the VA has provided testimony indicating that 20.5 full-time equivalent employees were added in fiscal year 1986; and that subsequently the VA medical center has received its proportionate share of funds received by the VA for inflationary cost increases. In addition, the medical center management has been evaluating the internal staffing alignment, and has recently approved the recruitment of nine additional employees in the nursing service to enhance the direct patient care service. The Committee is somewhat encouraged by these developments, but believes more needs to be done. Consequently, the Committee urges the VA to reexamine its resources and the needs at the Huntington VA Medical Center, with a view to providing the enhanced level of staffing appropriate to a medical school affiliated teaching hospital.

The Committee encourages the Research Office of the Veterans Administration to continue with the staff at the Huntington VA Medical Center to develop additional research studies that would be appropriate for the VA/DOD Research Program and which could involve Marshall University.

The Committee also directs the agency, within available resources, to provide for three FTE's and related costs for a readjustment counseling center in Wheeling, WV.

The VA has established an outreach readjustment counseling program in Logan, WV, for Vietnam-era veterans. Vietnam veterans in that area have obtained donated space located one-half mile from Logan for the use of the readjustment counselor. The Committee understands the policy of the Veterans Administration in not using donated space affiliated with any one veterans organization. However, in view of the limited space available and the efforts of the veterans in Logan, the Veterans Adminstration is directed to use the space obtained by the Logan Vietnam veterans.

The Committee endorses the VA's implementation plan for veterans' health care services in Hawaii and specific plans therein to implement all immediate and short-term recommendations of the VA Hawaii veterans' health care task force. The Committee is pleased with the responsiveness of the VA to the health care needs of Hawaii's veterans, and urges the allocation of resources necessary to implement these plans in fiscal year 1989.

The Committee continues to express its concern over the lack of support demonstrated by the VA for the nurse practitioners and psychologists. The Committee feels that the clinical and administrative expertise of these practitioners could be more effectively utilized, and further that a greater proportion of VA training funds should be targeted toward students in these areas.

The Committee concurs with the House directive that the VA maintain the existing three integrated hospital systems [IHS] contractors unless the contractors are getting out of the field, have excessive costs, or have not performed well. Furthermore, the Committee directs the VA to consult with the Committee prior to any decision to terminate an IHS contract.

The Committee does not concur with language included in the House bill limiting the number of administrative and engineering support staff.

MEDICAL AND PROSTHETIC RESEARCH

1988 appropriation	$192,899,000
1989 budget estimate	204,241,000
House allowance	210,241,000
Committee recommendation	210,241,000

PROGRAM DESCRIPTION

The appropriation recommended by the Committee provides funds for the conduct of the VA's Medical Research Program and for a Rehabilitation Research Program focusing on rehabilitation engineering problems in the field of prosthetics, orthotics, adaptive equipment for vehicles, sensory aids and related areas. The "Medical and prosthetic research" account also provides support for a Health Services Research Program at VA medical centers for improving the effectiveness and economy of delivery of health services and improving the accessibility of services to veterans.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending $210,241,000 for medical and prosthetic research. This is $6,000,000 above the budget estimate.

The increase is to be used at the discretion of the VA. The amount of funding recommended by the Committee will support an average employment of 4,537, an increase of 130 above the budget request.

The Committee notes that VA research proposals approved before January 1987, did not include funding requests to cover term employees under the Federal Employee Retirement System [FERS]. As a result, the VA has not allocated sufficient funds to medical centers to cover these unforeseen FERS costs. The Committee is concerned that this could seriously impair current research efforts, and directs the VA to provide enough funds to all research investigators to cover their FERS costs. The Committee commends the VA for taking quick action to ensure that future research proposals include sufficient funds for FERS.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

1988 appropriation	$46,628,000
1989 budget estimate	47,909,000
House allowance	48,909,000
Committee recommendation	47,909,000

PROGRAM DESCRIPTION

This appropriation provides funds for: (1) central office executive direction (Chief Medical Director and staff), administration and supervision of all VA medical programs, including development and implementation of policies, plans and program objectives as well as followup action to insure the accomplishment of goals; and (2) grants under the Health Professional Scholarships Grant Program for eligible students in nursing and other health professional degree programs.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $47,909,000 for medical administration and miscellaneous operating expenses in fiscal year 1989. This is $1,281,000 above the current level, $1,000,000 less than the House allowance, and will support an average employment of up to 595.

The Committee recommends deletion of the $2,000,000 increase proposed by the House for the Health Professional Scholarship Program. The Committee also recommends deletion of the $1,000,000 general reduction requested for medical administration.

GENERAL OPERATING EXPENSES

1988 appropriation	$762,810,000
1989 budget estimate	771,316,000
House allowance	774,316,000
Committee recommendation	781,236,000

PROGRAM DESCRIPTION

This appropriation provides for the administration of nonmedical veterans benefits through the Department of Veterans Benefits; the operation and maintenance of 112 national cemeteries by the Department of Memorial Affairs; and top management direction and support through agency-level staff offices including the Office of Information Systems and Telecommunications. Specifically, general operating expenses cover the following activities:

Veterans benefits.—This activity determines eligibility and adjudicates all claims for compensation, pensions, educational assistance, housing loan assistance, and insurance awards.

Memorial affairs.—This activity provides for the interment of eligible deceased servicepersons, discharged veterans, and dependents in national cemeteries and procures headstones and markers for graves of eligible active duty personnel as well as discharged veterans.

General administration.—This activity includes the executive direction of the agency and several top level supporting offices, plus the activities of the Board of Veterans Appeals, which decides all cases of appeals to the Administrator on claims involving benefits under veterans legislation, and the Board of Contract Appeals, which decides appeals on the contracts made by the VA.

COMMITTEE RECOMMENDATION

The Committee recommends $781,236,000 for general operating expenses in fiscal year 1989. This amount is $9,920,000 above the budget request and $6,920,000 above the House allowance.

The Committee concurs with the House addition of $17,500,000 for 590 FTE's to maintain the 1988 field staffing level of 12,415 for the Department of Veterans Benefits.

The Committee concurs with the House addition of $460,000 for 11 FTE's to restore the Board of Veterans Appeals staffing to the 1988 level of 427.

The Committee also concurs with the House deletion of $8,400,000 requested for State approving agencies.

The Committee does not concur with the House deletion of $6,560,000 from the $220,693,000 requested for general administration.

The Committee recommends $360,000 for nine full-time positions to maintain the 1988 staffing level of 693 for the Office of General Counsel.

The Committee is concerned with the VA's response to the Committee's request in last year's report for a study of a toll-free hotline that would offer the Nation's veterans benefits information and provide

medical personnel with patient histories in the event of an emergency. The study was submitted over 5 months late and failed to address the concerns which the Committee directed the VA to examine.

The Committee directs the VA to conduct a new study that should include the following: an inventory of existing toll-free services, the number of veterans using each service annually, and remaining services, along with the number of veterans they serve annually, which do not have toll-free services; the error rate, by account, of information provided by existing toll-free services; the feasibility, including the costs and personnel needed, of consolidating the various toll-free services into one number so as to submit a reprogramming or supplemental appropriations request in fiscal year 1989 to implement such a hotline. The Committee directs this study to be concluded by no later than February 15, 1989.

CONSTRUCTION, MAJOR PROJECTS

1988 appropriation	$402,884,000
1989 budget estimate	367,755,000
House allowance	363,040,000
Committee recommendation	359,155,000

PROGRAM DESCRIPTION

The construction, major projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition where the estimated cost of a project is $2,000,000 or more.

Emphasis is placed on correction of life/safety code deficiencies in existing VA medical facilities. Funds again are requested for the Design Fund which would provide working drawings for projects planned for the following budget year.

COMMITTEE RECOMMENDATION

The Committee recommends $359,155,000 for major construction projects. This amount is $8,600,000 below the budget request and $3,885,000 under the House allowance.

The Committee recommends concurrence with the budget request for major construction along with the following changes: +$5,000,000 for cost increases in the Madison, WI, air-conditioning project, −$6,600,000 for the relocation of a regional office to agency-owned grounds at the Montgomery VA Medical Center, −$3,000,000 from the advanced planning fund, and −$4,000,000 from the design fund.

The Committee directs that $3,000,000 of the $19,600,000 appropriated for the Advance Planning Fund be allocated to begin advance planning and required environmental impact studies associated with constructing a new VA medical center in Hawaii. The Committee is particularly interested in land owned by the University of Hawaii at the Leahi Hospital site near Diamond Head, Oahu. The Governor of the

State of Hawaii and the University of Hawaii have fully endorsed a VA medical center in Hawaii, and are committed to negotiate a favorable, low-cost lease on such land for this purpose. Accordingly, the Committee directs the VA to give this possible site its full and fair consideration in determining an appropriate location. The Committee requires the VA to report its progress to the Committee by July 1, 1989, regarding the completion of planning tasks associated with selecting a site for and construction of a VA medical center in Hawaii.

The Committee has added language to the House-passed bill to provide clear statutory authority for maintenance and guarantee period services costs associated with warrantied equipment provided under each project. These services are necessary to keep the warranties provided on the equipment intact and have traditionally been paid from project funds. Similar language has been included in the construction, minor section of the bill.

The following table compares the Committee's recommendation with the House and budget request:

CONSTRUCTION, MAJOR PROJECTS, FISCAL YEAR 1989

Facility type and location	Administration request	House recommendation	Senate recommendation
A. MEDICAL PROJECTS			
Replacement and modernization:			
Atlanta, GA, clinical addition and parking garage	$54,200,000	$54,200,000	$54,200,000
Bronx, NY, contractor claims	8,000,000	8,000,000	8,000,000
Dallas, TX, clinical addition, renovater building 2 and spinal cord injury center		16,000,000	
Indianapolis, IN, clinical improvements and mental health and behavioral sciences center	8,400,000	8,400,000	8,400,000
Madison, WI, air-conditioning project			5,000,000
Newington, CT, medical center modernization	5,255,000	5,255,000	5,255,000
Pittsburgh (Aspinwall Division), PA, replacement medical center	52,000,000	52,000,000	52,000,000
Subtotal	127,855,000	143,855,000	132,855,000
Nursing home care:			
Mountain Home, TN, 120-bed nursing home care unit		6,815,000	
New Orleans, LA, 120-bed nursing home care unit/parking garage structure		14,700,000	
Saginaw, MI, 120-bed nursing home care unit		7,500,000	
Tampa, FL, 120-bed nursing home care unit	6,700,000	6,700,000	6,700,000
Wilkes-Barre, PA, 60-bed nursing home care unit		4,670,000	
Total, nursing home care	6,700,000	40,385,000	6,700,000
Domicilaries: Mountain Home, TN, 600-bed domiciliary	32,000,000	32,000,000	32,000,000

CONSTRUCTION, MAJOR PROJECTS, FISCAL YEAR 1989—Continued

Facility type and location	Administration request	House recommendation	Senate recommendation
A. MEDICAL PROJECTS—Continued			
Advance planning fund:			
Oahu, HI, new medical center			$3,000,000
Various stations	$22,600,000	$16,600,000	16,600,000
Total, advance planning	22,600,000	16,600,000	19,600,000
Asbestos abatement: Various stations[1]	49,350,000	49,350,000	49,350,000
Clinical improvements:			
Beckley, WV, clinical addition and alterations	15,700,000	15,700,000	15,700,000
Nashville, TN, clinical improvements and patient privacy	42,000,000	4,200,000	42,000,000
Perry Point, MD, clinical addition, building 23H	12,200,000	12,200,000	12,200,000
San Antonio, TX, 30-bed spinal cord injury unit	8,000,000	8,000,000	8,000,000
Subtotal	77,900,000	40,100,000	77,900,000
Design fund: Various stations	15,450,000	11,450,000	11,450,000
Fire and safety improvements: Leavenworth, KS, patient privacy and fire and safety improvements, building 122	6,850,000	6,850,000	6,850,000
General:			
Montrose, NY, renovate building 15	8,800,000	8,800,000	8,800,000
Washington State, sales tax	2,600,000	2,600,000	2,600,000
Subtotal	11,400,000	11,400,000	11,400,000
Hazardous waste abatement: Various stations	5,000,000	5,000,000	5,000,000
B. REGIONAL OFFICE PROGRAM			
Regional office projects:			
Advance planning fund: Various stations	400,000	400,000	400,000
Design fund: Various stations	1,000,000	1,000,000	1,000,000
Montgomery, AL, relocate regional office to agency-owned grounds	6,600,000		
Subtotal	8,000,000	1,400,000	1,400,000
C. NATIONAL CEMETERY PROGRAM			
National cemetery program:			
Advance planning fund: Various stations	550,000	550,000	550,000
Calverton National Cemetery, NY, develop 90,000 gravesites	12,500,000	12,500,000	12,500,000
Subtotal	13,050,000	13,050,000	13,050,000
Subtotal, major construction programs	376,155,000	371,440,000	367,555,000
Less: Fiscal year 1988 design fund	-8,400,000	-8,400,000	-8,400,000
Total, new budget authority, major projects	367,755,000	363,040,000	359,155,000

[1] Includes $14,500,000 for a single project at San Diego, CA.

The Committee is concerned about the laundry replacement project for the Martinsburg Medical Center and the construction of extended care facilities at several sites in West Virginia. These projects have been

included in the VA's 5-year plan and/or discussed in hearings before the Committee. The Committee expects the VA to accelerate these projects and incorporate them into the earliest possible President's budget request.

CONSTRUCTION, MINOR PROJECTS

1988 appropriation	$115,942,000
1989 budget estimate	123,881,000
House allowance	111,596,000
Committee recommendation	111,596,000

PROGRAM DESCRIPTION

The construction, minor projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than $2,000,000, and expenses of the Office of Facilities. Emphasis is placed on correction of code deficiencies in this appropriation request. The recommendation includes funding for personnel and other expenses of the Office of Facilities.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending $111,596,000 for this account. This is $12,285,000 less than the budget request.

The Committee increases the House limitation of $41,731,000 for the Office of Facilities in 1989 to $42,731,000, the amount requested in the budget.

The Committee concurs with the House in denying the Veterans Administration's request to change the minor construction cost limitation from less than $2,000,000 to less than $3,000,000.

PARKING GARAGE REVOLVING FUND

1988 appropriation	$3,936,000
1989 budget estimate	9,000,000
House allowance	26,000,000
Committee recommendation	9,000,000

PROGRAM DESCRIPTION

The revolving fund provides funds for the construction, alteration, and acquisition (by purchase or lease) of parking garages at VA medical facilities authorized by 38 U.S.C. 5009.

The Administrator is required under certain circumstances to establish and collect fees for the use of such garages and parking facilities. Receipts from the parking fees are to be deposited in the revolving fund and would be used to fund future parking garage initiatives.

COMMITTEE RECOMMENDATION

The Committee concurs with the budget request for the parking garage revolving fund. This is $17,000,000 less than the House allowance. The Committee does not concur with the House recommendation to augment this revolving fund for a project not included in the budget request.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

1988 appropriation	$40,320,000
1989 budget estimate	42,000,000
House allowance	42,000,000
Committee recommendation	42,000,000

PROGRAM DESCRIPTION

This account is used to provide grants to assist States in acquiring or constructing State home facilities for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings for furnishing domiciliary, nursing home, or hospital care to veterans in State homes. The grant may not exceed 65 percent of the total cost of the project, and grants to any one State may not exceed one-third of the amount appropriated in any fiscal year.

As of September 30, 1987, Federal funds in excess of $245,378,000 have been obligated to help finance 195 projects in 36 States.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $42,000,000 for grants for construction of State extended care facilities in fiscal year 1989. This amount is the same as the House allowance. These funds will provide for five projects, which will produce 732 additional nursing home and 22 domiciliary beds, as well as nine nursing home renovation projects in five States.

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

1988 appropriation	$480,000
1989 budget estimate	500,000
House allowance	500,000
Committee recommendation	500,000

PROGRAM DESCRIPTION

Public Law 99–576, enacted to assure the continued effective care and treatment of U.S. veterans at the Veterans Memorial Medical Center [VMMC], provides for an annual grant of $500,000 through 1989. The grant is for the replacement and upgrading of equipment and the rehabilitation of the VMMC's physical plant and facilities.

COMMITTEE RECOMMENDATION

The Committee recommends the budget estimate of $500,000 for grants to the Republic of the Philippines. This is the same level approved in the House allowance. This grant will assure the continued effective care and treatment of veterans at the medical center.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES

1988 appropriation	
1989 budget estimate	$9,000,000
House allowance	9,000,000
Committee recommendation	9,000,000

PROGRAM DESCRIPTION

Public Law 95–476, as codified in title 38 U.S.C. 1008, established authority to provide aid to States for establishment, expansion, and improvement of veterans cemeteries. States receive financial assistance to provide burial space for veterans and serve to enhance the national cemetery system. The cemeteries are operated and permanently maintained by the States. A grant may not exceed 50 percent of the total value of the land and the cost of improvements. The remaining amount must be contributed by the State.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $9,000,000 for grants for construction of State veterans cemeteries in fiscal year 1989. This is the same as the House allowance.

DIRECT LOAN REVOLVING FUND

(LIMITATION ON DIRECT LOANS)

The revenues and receipts from direct loan operations make funds available for the extension of credit to severely disabled veterans for specially adapted housing and for current expenses, excluding administrative expenses. Such funds also provide a source of financing to the Loan Guaranty Program through transfers to the Loan Guaranty Revolving Fund. In 1989, three direct loans in the amount of $99,000 are expected to be closed.

The VA requests a $1,000,000 limitation for specially adapted housing direct loans in 1989. The Committee recommends the requested $1,000,000 limitation.

The Committee concurs with the House in recommending the VA request for a $1,000,000 limitation for specially adapted housing direct loans in 1989.

LOAN GUARANTY REVOLVING FUND

1988 appropriation	$916,400,000
1989 budget estimate	658,000,000
House allowance	658,000,000
Committee recommendation	658,000,000

PROGRAM DESCRIPTION

The Loan Guaranty Revolving Fund finances all operations of the loan guaranty program, except administrative expenses. The purpose of the VA home loan guaranty program is to facilitate the extension of mortgage credit on favorable terms by private lenders to eligible veterans. Prior to 1985, financing needs were provided by transfer from the Direct Loan Revolving Fund. The continuing high rate of default has necessitated direct appropriations.

COMMITTEE RECOMMENDATION

The Committee concurs with the budget request and House recommendation, providing $658,000,000 for the fund in fiscal year 1989.

The Committee notes that VA received a supplemental of $526,600,000 for the Loan Guaranty Revolving Fund in fiscal year 1988, making the total appropriation almost $1,000,000,000. The Committee understands that the supplemental was needed in large part because of the high foreclosure rate, particularly in States where the economy is dependent on a healthy energy market. However, that does not alleviate the VA's responsibility to manage the program proficiently. The Committee is concerned that the VA's indiscriminate use of auction sales for the disposition of foreclosed properties is short-sighted and costs the Government money because such sales often result in a substantially lower return than would be achieved through normal sales procedures. The Committee shares the House view that the VA is responsible for protecting the integrity of the loan guaranty fund and urges the VA to take steps to manage properties in default or foreclosure so as to more adequately guard the Government's financial interests.

ADMINISTRATIVE PROVISION

The Committee concurs with House-approved bill language allowing funds to be transferred without restriction among the compensation and pensions, readjustment benefits, veterans insurance and indemnities, and loan guaranty revolving fund appropriations. Currently, not to exceed 5 percent of any of the first three above-mentioned appropriations may be transferred to any other of the mentioned appropriations, and not to exceed 10 percent of any receiving appropriation may be so augmented, while unlimited authority exists to transfer funds from the readjustment benefits appropriation to the loan guaranty revolving fund.

TITLE III

CORPORATIONS

Federal Home Loan Bank Board

LIMITATION ON EXPENSES

1988 limitation	$30,313,000
1989 budget estimate	31,942,000
House allowance	31,942,000
Committee recommendation	31,942,000

PROGRAM DESCRIPTION

The Federal Home Loan Bank Board formulates policies for and supervises the operation of the 12 Federal home loan banks, the system of Federal savings and loan associations and federally chartered savings banks, the Federal Savings and Loan Insurance Corporation, and the Federal Home Loan Mortgage Corporation. It is also responsible for the examination of Federal savings and loan associations, federally chartered savings banks and State-chartered institutions insured by the Federal Savings and Loan Insurance Corporation. The necessary expenses of the Federal Home Loan Bank Board are paid from assessments against the 12 Federal Home Loan Banks and the Federal Savings and Loan Insurance Corporation.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of $31,942,000 on necessary expenses of the Federal Home Loan Bank Board, the same as the level requested by the administration and the House allowance.

The Committee is concerned about management problems at the Federal Assets Disposition Association [FADA]. The Committee is particularly disturbed that it cannot monitor the activities and expenditures of the Association because of FADA's off-budget status. Therefore, the Committee concurs with the House directive that the Bank Board undertake a comparative evaluation of FADA and FSLIC operating costs and their effectiveness in minimizing losses through the timely disposition of assets. The Committee expects to receive an evaluation report no later than March 1, 1989.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

LIMITATION ON ADMINISTRATIVE EXPENSES

1988 limitation	$1,610,000
1989 budget estimate	1,667,000
House allowance	1,667,000
Committee recommendation	1,667,000

PROGRAM DESCRIPTION

The Federal Savings and Loan Insurance Corporation is authorized under title IV of the National Housing Act to insure savings in all Federal savings and loan associations, certain federally chartered savings banks, and in State-chartered institutions of the savings and loan type which apply and qualify for insurance. This protection, which insures each saver in a member association against financial loss up to a statutory limit of $100,000, may be provided either through the prevention of default or the payment of insurance to savings account holders in the event of liquidation. The Corporation is also authorized to make loans to institutions in financial difficulty. The Corporation functions under the direction of the Federal Home Loan Bank Board, which provides administrative services. The expenses of the Board and its staff offices are paid from assessments made on the Corporation and the Federal Home Loan Banks.

COMMITTEE RECOMMENDATION

The Committee recommends $1,667,000 for the limitation on the administrative expenses of the Federal Savings and Loan Insurance Corporation in fiscal year 1989. This is the same as the budget request and the House allowance.

TITLE IV—GENERAL PROVISIONS

The Committee concurs with all of the general provisions that were included in the House-passed HUD-Independent Agencies Appropriations Act with the exception of section 415 which is intended to provide for drug-free workplaces. While the Committee strongly concurs with this goal, meaningful and effective legislation on this serious problem is needed. The Committee, therefore, recommends deletion of the House-passed rider and urges the authorizing committees of jurisdiction to expedite consideration of comprehensive legislation on this issue. In addition, the Committee recommends an amendment to section 401 of the House-passed bill to exempt certain Superfund-related travel from the travel restrictions set forth in that section.

The Committee has added a new section to the House-passed bill requiring the absorption of fiscal year 1989 pay raises within the levels appropriated in the bill.

COMPLIANCE WITH PARAGRAPH 7, RULE XVI, OF THE STANDING RULES OF THE SENATE

Paragraph 7 of rule XVI requires that Committee reports on general appropriations bills identify each Committee amendment to the House bill "which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session."

An authorization for programs funded by the National Aeronautics and Space Administration has not as yet passed the Senate.

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE STANDING RULES OF THE SENATE

Paragraph 12 of rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee."

With respect to this bill, it is the opinion of the Committee that no part of said bill, with the following exceptions, falls within the ambit of said rule:

Section 17(d)(4)(G) of the United States Housing Act of 1937 is amended to read as follows:

(G) the grantee must commence construction or substantial rehabilitation activities not later than 24 months after notice of project selection (48 months after notice in the case of projects for which funding notices were issued prior to July 23, 1985, *and 36 months after notice in the case of projects for which funding notices were issued during fiscal year 1986*); and

Section 105(c)(2)(A) of the Housing and Community Development Act of 1974 is amended to read as follows:

Section 105(c)(2)(A). In any case in which an assisted activity described in subsection (a) is designed to serve an area generally and is clearly designed to meet identified needs of persons of low and moderate income in such area, such activity shall be considered to principally benefit persons of low and moderate income if (i) not less than 51 percent of the residents of such area are persons of low and moderate income; [or] (ii) in any metropolitan city or urban county, the area served by such activity is within the highest quartile of all areas within the jurisdiction of such city or county in terms of the degree of concentration of persons of low and moderate income; *or (iii) the assistance for such activity is limited to paying assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low and moderate income to recover the capital cost for a public improvement.*

The following subsection is added to section 119(d)(5) of the Housing and Community Development Act of 1974:

(C) Notwithstanding any other provision of this section, in each competition for grants under this section, no city or urban county may be awarded a grant or grants in an amount in excess of $10,000,000 until all cities and urban counties which submitted fundable applications have been awarded a grant. If funds are available for additional grants after each city and urban county submitting a fundable application is awarded one or more grants under the preceding sentence, then additional grants shall be made so that each city or urban county that has submitted multiple applications is awarded one additional grant in order of ranking, with no single city or urban county receiving more than one grant approval in any subsequent series of grant determinations within the same competition.

(D) All grants under this section, including grants to cities and urban counties described in subsection (b)(2), shall be awarded in accordance with subparagraph (C) so that all grants under this section are made in order of ranking.

BUDGETARY IMPACT OF BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a), PUBLIC LAW 93-344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1989: Subcommittee on HUD Independent Agencies	59.06	59.076	64.53	[1] 64.202
Projections of outlays associated with budget authority recommended in the bill:				
1989				[2] 34.482
1990				11.776
1991				5.203
1992				2.162
1993 and future year				5.755
Financial assistance to State and local governments for 1989 in the bill		14.533		1.348
	Direct loans		Loan guarantees	
Credit authority estimates, fiscal year 1989	881	871	60.860	60.860

[1] Includes outlays from prior year budget authority.
[2] Excludes outlays from prior year budget authority.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1988 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1989

[Amounts in dollars]

Item	1988 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1988 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TITLE I							
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
HOUSING PROGRAMS							
Annual contributions for assisted housing	7,887,405,000	6,886,765,000	7,673,765,000	7,404,249,000	-483,156,000	+517,484,000	-269,516,000
(By transfer)	---	---	---	(125,000,000)	(+125,000,000)	(+125,000,000)	(+125,000,000)
Rescission of assisted housing deobligations (budget authority, indefinite)	-267,875,000	-303,500,000	-303,500,000	-303,500,000	-35,625,000	---	---
Total, annual contributions for assisted housing (net)	7,619,530,000	6,583,265,000	7,370,265,000	7,100,749,000	-518,781,000	+517,484,000	-269,516,000
Rental rehabilitation grants	---	150,000,000	150,000,000	150,000,000	+150,000,000	---	---
Rental housing development grants	3,663,000	---	---	---	-3,663,000	---	---
Rental housing assistance:							
Rescission of budget authority, indefinite	-52,000,000	-50,000,000	-50,000,000	-50,000,000	+2,000,000	---	---
(Limitation on annual contract authority, indefinite)	(-2,000,000)	(-2,000,000)	(-2,000,000)	(-2,000,000)	---	---	---
Housing for the elderly or handicapped fund:							
Authority to borrow, indefinite	583,683,000	288,649,000	416,896,000	476,210,000	-107,473,000	+187,561,000	+59,314,000
(Limitation on direct loans)	(565,776,000)	(350,175,000)	(478,422,000)	(537,736,000)	(-28,040,000)	(+187,561,000)	(+59,314,000)
Congregate services	4,224,000	---	5,400,000	7,000,000	+2,776,000	+7,000,000	+1,600,000

Payments for operation of low-income housing projects.	1,450,000,000	1,517,508,000	1,617,508,000	1,617,508,000	+167,508,000	+100,000,000	---
Housing counseling assistance	3,360,000	---	4,500,000	3,500,000	+140,000	+3,500,000	-1,000,000
Emergency shelter grants program	8,000,000	---	65,000,000	35,000,000	+27,000,000	+35,000,000	-30,000,000
Transitional and supportive housing demonstration program	65,000,000	75,000,000	85,000,000	75,000,000	+10,000,000	---	-10,000,000
Interagency Council on the Homeless	---	1,200,000	1,200,000	1,000,000	+1,000,000	-200,000	-200,000
Federal Housing Administration Fund	162,866,000	237,720,000	237,720,000	237,720,000	+74,854,000	---	---
(Limitation on guaranteed loans)	(96,000,000,000)	(75,000,000,000)	(96,000,000,000)	(96,000,000,000)	---	(+21,000,000,000)	---
Temporary mortgage assistance payments (limitation on direct loans)	(79,272,000)	(103,350,000)	(103,350,000)	(103,350,000)	(+24,078,000)	---	---
Total, Federal Housing Administration Fund	162,866,000	237,720,000	237,720,000	237,720,000	+74,854,000	---	---
Nonprofit sponsor assistance (limitation on direct loans)	(960,000)	(630,000)	(960,000)	(960,000)	---	(+330,000)	---
Government National Mortgage Association							
Guarantees of mortgage-backed securities (limitation on guaranteed loans)	(144,000,000,000)	(100,000,000,000)	(144,000,000,000)	(144,000,000,000)	---	(+44,000,000,000)	---
Total, Housing Programs (net)	9,848,326,000	8,803,342,000	9,903,489,000	9,653,687,000	-194,639,000	+850,345,000	-249,802,000
COMMUNITY PLANNING AND DEVELOPMENT							
Community development grants	2,880,000,000	2,480,000,000	2,650,000,000	2,840,000,000	-40,000,000	+360,000,000	+190,000,000
(By transfer)	---	---	(350,000,000)	(160,000,000)	(+160,000,000)	(+160,000,000)	(-190,000,000)
(Limitation on guaranteed loans)	(144,000,000)	---	(144,000,000)	(144,000,000)	---	(+144,000,000)	---
Urban development action grants	216,000,000	-50,000,000	---	---	-216,000,000	+50,000,000	---
Urban homesteading	14,400,000	12,000,000	12,000,000	14,400,000	---	+2,400,000	+2,400,000
Assistance for solar and conservation improvements	1,500,000	---	---	---	-1,500,000	---	---
Total, Community Planning and Development	3,111,900,000	2,442,000,000	2,662,000,000	2,854,400,000	-257,500,000	+412,400,000	+192,400,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1988 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1989—Continued

[Amounts in dollars]

Item	1988 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1988 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
POLICY DEVELOPMENT AND RESEARCH							
Research and technology	16,512,000	19,000,000	17,000,000	17,200,000	+688,000	-1,800,000	+200,000
FAIR HOUSING AND EQUAL OPPORTUNITY							
Fair housing activities	4,800,000	5,000,000	10,000,000	5,000,000	+200,000	---	-5,000,000
Fair housing initiatives	---	5,000,000	---	5,000,000	+5,000,000	---	+5,000,000
MANAGEMENT AND ADMINISTRATION							
Salaries and expenses	308,119,000	337,843,000	337,843,000	337,843,000	+29,724,000	---	---
(By transfer, limitation on FHA corporate funds)	(358,132,000)	(359,348,000)	(381,528,000)	(371,920,000)	(+13,788,000)	(+12,572,000)	(-9,608,000)
Total, title I, Department of Housing and Urban Development:							
New budget (obligational) authority (net)	13,289,657,000	11,612,185,000	12,930,332,000	12,873,130,000	-416,527,000	+1,260,945,000	-57,202,000
Appropriations	(5,138,444,000)	(4,790,271,000)	(5,193,171,000)	(5,346,171,000)	(+207,727,000)	(+555,900,000)	(+153,000,000)
Authority to borrow	(583,683,000)	(288,649,000)	(416,896,000)	(476,210,000)	(-107,473,000)	(+187,561,000)	(+59,314,000)
Contract authority	(7,887,405,000)	(6,886,765,000)	(7,673,765,000)	(7,404,249,000)	(-483,156,000)	(+517,484,000)	(-269,516,000)
Rescission of contract authority, Rescissions	(-319,875,000)	(-353,500,000)	(-353,500,000)	(-353,500,000)	(-33,625,000)	---	---
(Limitation on annual contract authority, indefinite)	(-2,000,000)	(-2,000,000)	(-2,000,000)	(-2,000,000)	---	---	---
(Limitation on direct loans)	(646,008,000)	(454,155,000)	(582,732,000)	(642,046,000)	(-3,962,000)	(+187,891,000)	(+59,314,000)

(Limitation on guaranteed loans)	(240,144,000,000)	(175,000,000,000)	(240,144,000,000)	(240,144,000,000)	---	(+65,144,000,000)	---
(Limitation on corporate funds to be expended)	(358,132,000)	(359,348,000)	(381,528,000)	(371,920,000)	(+13,788,000)	(+12,572,000)	(-9,608,000)
TITLE II							
INDEPENDENT AGENCIES							
AMERICAN BATTLE MONUMENTS COMMISSION							
Salaries and expenses	12,408,000	15,085,000	15,085,000	15,085,000	+2,677,000	---	---
CONSUMER PRODUCT SAFETY COMMISSION							
Salaries and expenses	32,696,000	32,917,000	34,500,000	34,667,000	+1,971,000	+1,750,000	+167,000
DEPARTMENT OF DEFENSE - CIVIL							
Cemeterial Expenses, Army							
Salaries and expenses	8,164,000	13,195,000	13,195,000	13,195,000	+5,031,000	---	---
ENVIRONMENTAL PROTECTION AGENCY							
Salaries and expenses	765,000,000	800,000,000	804,000,000	802,000,000	+37,000,000	+2,000,000	-2,000,000
Research and development	186,350,000	197,000,000	199,382,000	197,000,000	+10,650,000	---	-2,382,000
Abatement, control, and compliance	606,192,000	624,000,000	727,500,000	708,750,000	+102,558,000	+84,750,000	-18,750,000
Buildings and facilities	23,500,000	8,000,000	8,000,000	8,000,000	-15,500,000	---	---
Subtotal, operating programs	1,581,042,000	1,629,000,000	1,738,882,000	1,715,750,000	+134,708,000	+86,750,000	-23,132,000
Hazardous substance superfund	1,128,000,000	1,600,000,000	1,425,000,000	1,525,000,000	+397,000,000	-75,000,000	+100,000,000
(General fund financing)	(239,100,000)	---	---	(239,000,000)	(-100,000)	(+239,000,000)	(+239,000,000)
(Limitation on administrative expenses)	(182,400,000)	(200,000,000)	(190,000,000)	(190,000,000)	(+7,600,000)	(-10,000,000)	---
Leaking underground storage tank trust fund	14,400,000	50,000,000	50,000,000	50,000,000	+35,600,000	---	---
(Limitation on administrative expenses)	(4,800,000)	(5,000,000)	(5,000,000)	(5,000,000)	(+200,000)	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1988 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1989—Continued

[Amounts in dollars]

Item	1988 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1988 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Construction grants	2,304,000,000	1,500,000,000	1,950,000,000	2,100,000,000	-204,000,000	+600,000,000	+150,000,000
Total, Environmental Protection Agency	5,027,442,000	4,779,000,000	5,163,882,000	5,390,750,000	+363,308,000	+611,750,000	+226,868,000
EXECUTIVE OFFICE OF THE PRESIDENT							
Council on Environmental Quality and Office of Environmental Quality	826,000	870,000	870,000	850,000	+24,000	-20,000	-20,000
Office of Science and Technology Policy	1,888,000	1,787,000	1,587,000	1,587,000	-301,000	-200,000	---
Total, Executive Office of the President	2,714,000	2,657,000	2,457,000	2,437,000	-277,000	-220,000	-20,000
FEDERAL EMERGENCY MANAGEMENT AGENCY							
Disaster relief	120,000,000	200,000,000	200,000,000	125,000,000	+5,000,000	-75,000,000	-75,000,000
Salaries and expenses	125,841,000	135,602,000	137,494,000	137,274,000	+11,433,000	+1,672,000	-220,000
Emergency management planning and assistance	272,496,000	282,794,000	282,438,000	282,438,000	+9,942,000	-356,000	---
Emergency food and shelter program	114,000,000	80,000,000	114,000,000	114,000,000	---	+34,000,000	---
Total, Federal Emergency Management Agency	632,337,000	698,396,000	733,932,000	658,712,000	+26,375,000	-39,684,000	-75,220,000
GENERAL SERVICES ADMINISTRATION							
Consumer Information Center	1,279,000	1,354,000	1,354,000	1,354,000	+75,000	---	---
(Limitation on administrative expenses)	(1,652,000)	(1,736,000)	(1,736,000)	(1,736,000)	(+84,000)	---	---

DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Office of Consumer Affairs	1,670,000	1,708,000	1,708,000	1,708,000	+38,000	---	---
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
Research and development	3,274,200,000	4,446,700,000	4,191,700,000	3,552,800,000	+278,600,000	-893,900,000	-638,900,000
Rescission	---	---	-25,000,000	-25,000,000	-25,000,000	-25,000,000	---
(By transfer)	(100,000,000)	---	---	---	(-100,000,000)	---	---
(By transfer, Department of Defense)	(70,000,000)	---	---	---	(-70,000,000)	---	---
Space flight, control and data communications	3,908,309,000	4,841,200,000	4,414,200,000	4,452,200,000	+543,891,000	-389,000,000	+38,000,000
Construction of facilities	178,272,000	285,100,000	270,100,000	270,100,000	+91,828,000	-15,000,000	---
Research and program management	1,495,680,000	1,915,000,000	1,855,000,000	1,870,000,000	+374,320,000	-45,000,000	+15,000,000
Total, National Aeronautics and Space Administration (net)	8,856,461,000	11,488,000,000	10,706,000,000	10,120,100,000	+1,263,639,000	-1,367,900,000	-585,900,000
NATIONAL CREDIT UNION ADMINISTRATION							
Central liquidity facility:							
(Limitation on direct loans)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	---	---	---
(Limitation on administrative expenses, corporate funds)	(813,000)	(880,000)	(880,000)	(880,000)	(+67,000)	---	---
NATIONAL SCIENCE FOUNDATION							
Research and related activities	1,453,000,000	1,603,000,000	1,578,000,000	1,593,000,000	+140,000,000	-10,000,000	+15,000,000
Program development and management (limitation on administrative expenses)	(84,480,000)	(95,550,000)	(90,550,000)	(90,550,000)	(+6,070,000)	(-5,000,000)	---
Science and Technology Centers	---	150,000,000	---	---	---	-150,000,000	---
United States Antarctic Program activities	124,800,000	141,000,000	136,000,000	131,000,000	+6,200,000	-10,000,000	-5,000,000
Science education activities	139,200,000	156,000,000	171,000,000	156,000,000	+16,800,000	---	-15,000,000
Total, National Science Foundation	1,717,000,000	2,050,000,000	1,885,000,000	1,880,000,000	+163,000,000	-170,000,000	-5,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1988 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1989—Continued

[Amounts in dollars]

Item	1988 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1988 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NEIGHBORHOOD REINVESTMENT CORPORATION							
Payment to the Neighborhood Reinvestment Corporation..	18,720,000	19,094,000	19,094,000	19,494,000	+774,000	+400,000	+400,000
SELECTIVE SERVICE SYSTEM							
Salaries and expenses.....	25,459,000	26,113,000	26,313,000	26,113,000	+654,000	---	-200,000
VETERANS ADMINISTRATION							
Compensation and pensions.....	14,334,287,000	14,759,100,000	14,759,100,000	14,759,100,000	+424,813,000	---	---
Readjustment benefits.....	625,700,000	597,600,000	597,600,000	597,600,000	-28,100,000	---	---
Veterans insurance and indemnities.....	14,290,000	9,220,000	9,220,000	9,220,000	-5,070,000	---	---
Medical care.....	10,094,808,000	10,327,546,000	10,567,546,000	10,445,171,000	+350,363,000	+117,625,000	-122,375,000
Medical and prosthetic research.....	192,899,000	204,241,000	210,241,000	210,241,000	+17,342,000	+6,000,000	---
Medical administration and miscellaneous operating expenses.....	46,628,000	47,909,000	48,909,000	47,909,000	+1,281,000	---	-1,000,000
General operating expenses.....	762,810,000	771,316,000	774,316,000	781,236,000	+18,426,000	+9,920,000	+6,920,000
Construction, major projects.....	402,884,000	367,755,000	363,040,000	359,155,000	-43,729,000	-8,600,000	-3,885,000
Construction, minor projects.....	115,942,000	123,881,000	111,596,000	111,596,000	-4,346,000	-12,285,000	---
(Limitation on administrative expenses).....	(40,774,000)	(42,731,000)	(41,731,000)	(42,731,000)	(+1,957,000)	---	(+1,000,000)
Parking garage revolving fund.....	3,936,000	9,000,000	26,000,000	9,000,000	+5,064,000	---	-17,000,000
Grants for construction of State extended care facilities.....	40,320,000	42,000,000	42,000,000	42,000,000	+1,680,000	---	---
Grants to the Republic of the Philippines.....	480,000	500,000	500,000	500,000	+20,000	---	---
Grants for construction to State veterans cemeteries..	---	9,000,000	9,000,000	9,000,000	+9,000,000	---	---

Direct loan revolving fund (limitation on direct loans)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	---	---	---
Loan guaranty revolving fund	389,800,000	658,000,000	658,000,000	658,000,000	+268,200,000	---	---
Total, Veterans Administration	27,024,784,000	27,927,068,000	28,177,068,000	28,039,728,000	+1,014,944,000	+112,660,000	-137,340,000
Total, title II, Independent Agencies:							
New budget (obligational) authority (net)	43,361,134,000	47,054,587,000	46,779,588,000	46,203,343,000	+2,842,209,000	-851,244,000	-576,245,000
Appropriations	(43,361,134,000)	(47,054,587,000)	(46,804,588,000)	(46,228,343,000)	(+2,867,209,000)	(-826,244,000)	(-576,245,000)
Rescission	---	---	(-25,000,000)	(-25,000,000)	(-25,000,000)	(-25,000,000)	---
(By transfer)	(170,000,000)	---	---	---	(-170,000,000)	---	---
(Limitation on administrative expenses)	(314,106,000)	(345,017,000)	(329,017,000)	(330,017,000)	(+15,911,000)	(-15,000,000)	(+1,000,000)
(Limitation on direct loans)	(601,000,000)	(601,000,000)	(601,000,000)	(601,000,000)	---	---	---
(Limitation on corporate funds to be expended)	(813,000)	(880,000)	(880,000)	(880,000)	(+67,000)	---	---

TITLE III

CORPORATIONS

Federal Home Loan Bank Board:							
(Limitation on administrative expenses, corporate funds)	(30,313,000)	(31,942,000)	(31,942,000)	(31,942,000)	(+1,629,000)	---	---
Federal Savings and Loan Insurance Corporation:							
(limitation on administrative expenses, corporate funds)	(1,610,000)	(1,667,000)	(1,667,000)	(1,667,000)	(+57,000)	---	---
Total, title III, Corporations	(31,923,000)	(33,609,000)	(33,609,000)	(33,609,000)	(+1,686,000)	---	---
Grand total:							
New budget (obligational) authority (net)	56,650,791,000	58,666,772,000	59,709,920,000	59,076,473,000	+2,425,682,000	+409,701,000	-633,447,000
Appropriations	(48,499,578,000)	(51,844,858,000)	(51,997,759,000)	(51,574,514,000)	(+3,074,936,000)	(-270,344,000)	(-423,245,000)
Authority to borrow	(583,683,000)	(288,649,000)	(416,896,000)	(476,210,000)	(-107,473,000)	(+187,561,000)	(+59,314,000)
Contract authority	(7,887,405,000)	(6,886,765,000)	(7,673,765,000)	(7,404,249,000)	(-483,156,000)	(+517,484,000)	(-269,516,000)
Rescissions	(-319,875,000)	(-353,500,000)	(-378,500,000)	(-378,500,000)	(-58,625,000)	(-25,000,000)	---
(By transfer)	(170,000,000)	---	(350,000,000)	(285,000,000)	(+115,000,000)	(+285,000,000)	(-65,000,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1988 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1989—Continued

[Amounts in dollars]

Item	1988 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1988 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(Limitation on administrative expenses)	(314,106,000)	(345,017,000)	(329,017,000)	(330,017,000)	(+15,911,000)	(-15,000,000)	(+1,000,000)
(Limitation on annual contract authority, indefinite)	(-2,000,000)	(-2,000,000)	(-2,000,000)	(-2,000,000)	---	---	---
(Limitation on direct loans)	(1,247,008,000)	(1,055,155,000)	(1,183,732,000)	(1,243,046,000)	(-3,962,000)	(+187,891,000)	(+59,314,000)
(Limitation on guaranteed loans)	(240,144,000,000)	(175,000,000,000)	(240,144,000,000)	(240,144,000,000)	---	(+65,144,000,000)	---
(Limitation on corporate funds to be expended)	(390,868,000)	(393,837,000)	(416,017,000)	(406,409,000)	(+15,541,000)	(+12,572,000)	(-9,608,000)